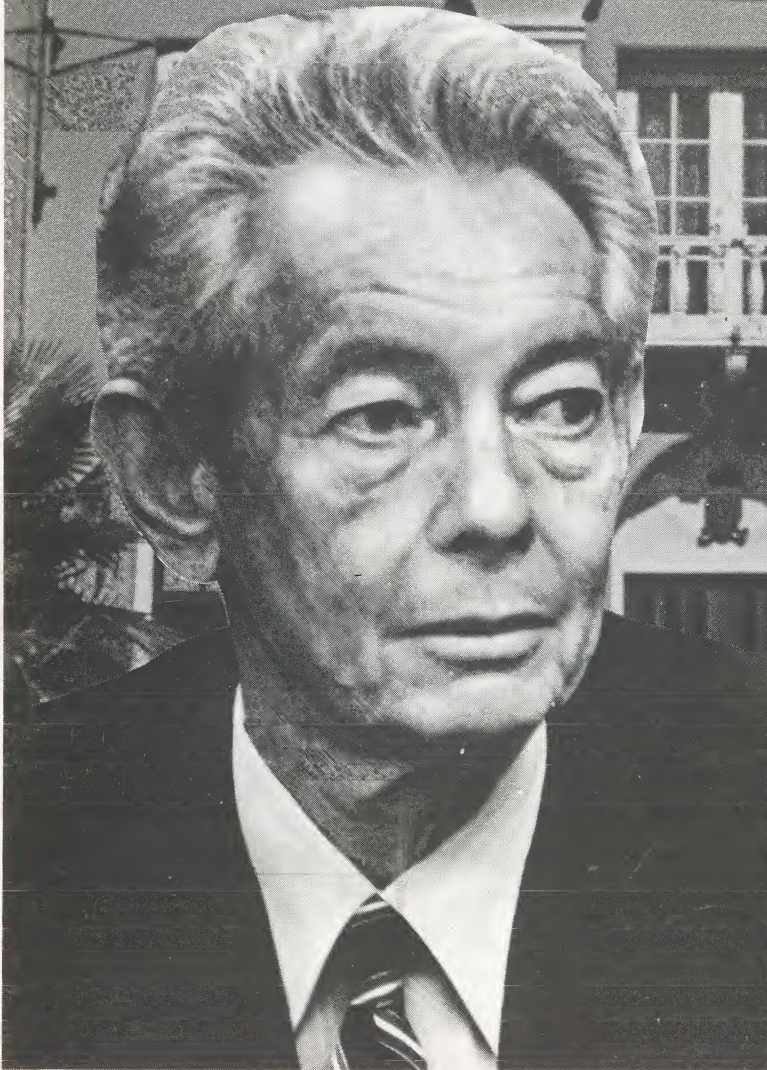


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FROM THE EDITOR

From a historical perspective the past two months may well prove to have been of a crucial nature with regard to the future of the Netherlands Antilles. The economy continued its downward trend. The financial backbone of the country, the off shore business, was severely damaged by the repeal of the withholding tax in Washington. The ongoing deliberations concerning the future status and co-operation between the islands did not give rise to much optimism. And last but not least a political deadlock manifested itself causing the coalition cabinet to resign.

At first sight this accumulation of worrisome news may sound as if the bells are tolling for the Antilles. In the ears of some they are indeed doing just that. Others continue to paint over the bleak forecasts with bright colours of short term optimism. Both attitudes are the opposite of helpful. At least they do not contribute to what is the obvious imperative of the day: a good measure of sober and realistic thinking.

Denying that hard and difficult years lie ahead is deceiving the people. Saying that the country has had it, is forsaking the

people. From Pharaoh's dream we know that lean years follow fat years. Even if it can correctly be said that we should have thought of that before and saved a little for the rainy days to come, there is every reason to inform the public of what is to be expected. Only by facing reality can we hope to ward off what seems inevitable and start rebuilding society.

To do so a change of mind and consequently of policies is needed. The days in which the country was pampered by aid and windfalls are over. New opportunities will have to be created, which in the case of a country without any natural resources implies inviting the outside world in. And why not? The affluent years have given the islands an infrastructure unparalleled in the region. All that is needed is the right kind of mentality to make the best possible use of that precious capital.

Both the bleak outlook and the new opportunities presenting themselves are reported in this issue of Antillen Review, which appeared a little later than usual due to the wish to report on both the latest political and financial developments.

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As the Martina Cabinet III resigns

IS THERE A DOCTOR IN THE LAND ?

and if so, will the medicine be taken?

Democracy in the Netherlands Antilles works in a most curious way. When the Martina Cabinet III fell late last June, it was not because the government was voted down in parliament, nor because the coalition fell apart, but because of a personality clash between two leading men in the country's largest party MAN. A clash which to all accounts implied that the cabinet could no longer be assured of a majority in parliament. A fair possibility which was, however, not put to the test. The cabinet simply and abruptly resigned.

A development on the other hand, which if not welcomed, was certainly not widely deplored. Confidence in the ability of the cabinet to steer the country through the present economic and constitutional crisis had rapidly eroded over the past year. A chronic lack of decisiveness and the increasing hold of the chamber of trade-unions on the Martina team were causing widespread concern. Continuous infighting between several factions within MAN were beginning to reflect negatively on that party's leader, prime-minister Don Martina. In brief: even if the cabinet would have survived in parliament, it would not have been for long. Thus Martina's decision to step down was fully in line with the democratic tradition of the country.

The immediate cause of the coalition's fall was by itself a mere bagatelle. The chairman of the STATEN, (the Antillean parliament), MAN-representative Roy Markes, threatened to withhold the government his support, if a long over-due decision concerning a request for a travel subsidy by a sportsteam were not taken forthwith. Mr. Markes' threat publicly voiced over the media so infuriated the prime-minister that he demanded the resignation of Mr. Markes from parliament or he would himself resign.

"It's either you or me", Mr. Martina said. As Mr. Markes did not budge, the prime-minister had no choice but to step down. The insignificance of the issue indicates that different and much more fundamental factors were at play in the background. Primarily concerning Mr. Martina's own party.

Man

It should first of all be remembered that MAN's sudden rise to power in 1979

caught the hastily resurrected party largely unaware. Calling itself the Movimiento Antiyano Nobo it was in fact little more than just that: a movement of people inspired by the ideals of democratic socialism and intent on helping the Antillean people find their own identity. But a political party in the proper sense MAN was not. Efforts in the meantime to arrive at a clear definition of the party's ideology and to introduce an organizational structure and party discipline have lagged behind, as all energy had to be devoted to the task of governing, both on the national and island (Curaçao) level.

Consequently this left the door wide open to factional infighting. During the past year several representatives of MAN on the island and national parliamentary level fell out with the party without giving up their seats. A development not exactly conducive to decisive governing. It should also be observed that most of MAN's popular support is centred on the party's charismatic leader, Don Martina.

Deeply respected for his personal integrity, lately some doubts have arisen with regard to his decision making ability, as he has as yet failed to put down his foot and set order to his own political house. Several observers have expressed as their opinion that this kind of criticism has prompted Mr. Martina to use the opportunity offered by Mr. Markes to dissolve the cabinet and work towards new elections, which would enable him to clean up the mess his party is in.

Others ascribe his sudden and unexpected resignation to a character flaw which has led him at times to overreact when irritated. With a view to the critical



photo Amigoe

Roy Markes

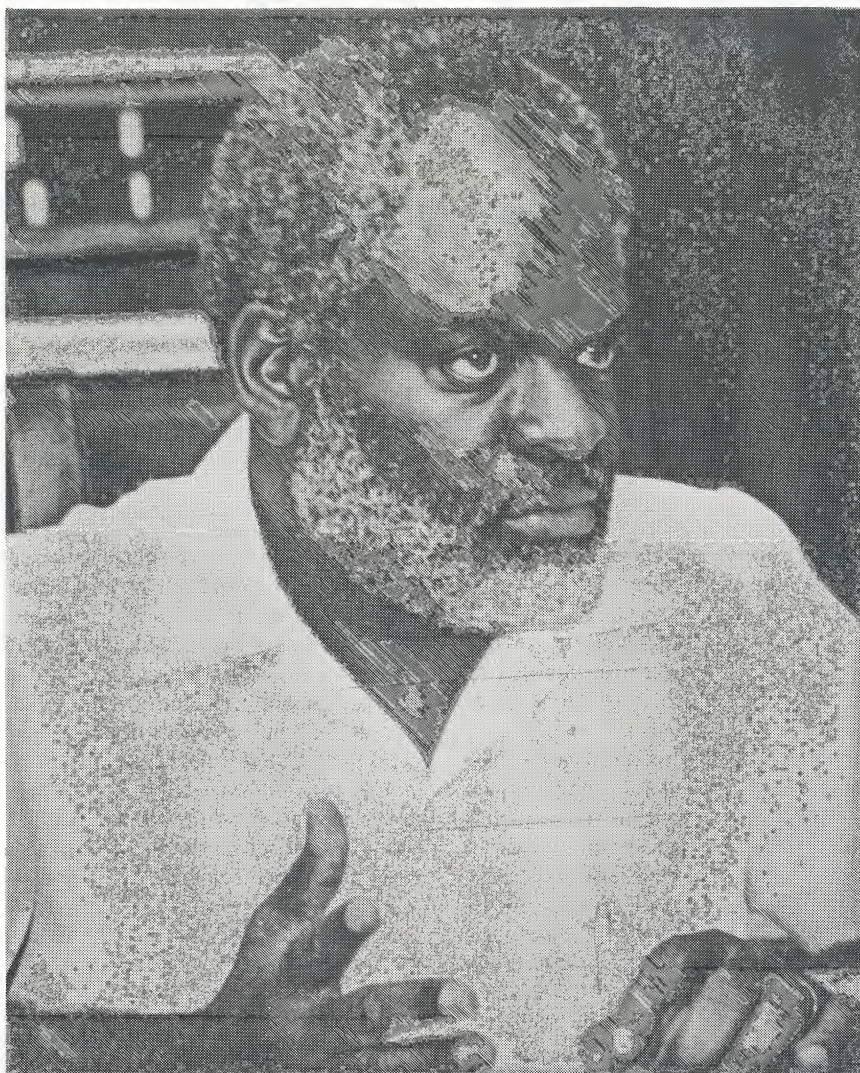


photo Amigoe

thrice-resigned

situation the country finds itself in, however, this is not a very likely explanation. Mr. Martina certainly knows that what the country needs is a strong and capable cabinet, which can count on a loyal majority in parliament.

Economy

The general outlook, in particular economically, has indeed deteriorated rapidly during the past few months. A most serious blow to the country's future viability was the recent decision in Washington to repeal the withholding tax on interest paid to foreign investors in U.S. securities. A decision which will cost the Antilles dearly, as it eliminates the country as a gateway to the Euro-bond market. (See Special Feature).

Most experts agree that the financial consequences for the Antillean treasury

will begin to manifest themselves painfully two years from now. Only a few years later the country will be deprived of at least 25% of its present income!

In the meantime Aruba will leave the Antillean constellation on January 1, 1986, causing another substantial loss of income to the remaining five islands.

Another implication of Aruba's departure will be that the already by far oversized corps of civil servants will become an even more costly mill-stone around the government's neck.

The full impact of the devaluation of the Venezuelan bolivar on Curaçao's tourism market has manifested itself during these months, causing the closure of an increasing number of shops in downtown Willemstad and a corresponding rise in unemployment.

ALM, the national carrier, and the Curaçao Drydock are still being heavily subsidized by tax-payers' money with little evidence of possible improvement in the near future. Set against the policy of latter years to employ increasing numbers in government service and grant the population a high measure of social security, it is obvious that the government will soon find itself in a position of having to make most unpopular decisions.

Union

On the constitutional front the news is slightly better. The representatives of the five islands that will remain after Aruba will have obtained its status aparte in 1986 agreed early July in Sint Maarten to form an Antilles of the Five. They did, however, reject the RTC-agreement concerning a Union with Aruba. The Windward Islands and Bonaire, moreover, were not prepared to withdraw earlier resolutions by their respective island councils, recording their right to opt for direct ties with the Netherlands, if a situation not to their liking develops.

The problems around the solidarity fund, to which according to a RTC resolution, the Netherlands, Curaçao and Aruba will contribute in order to assist the Windward Islands and Bonaire, are as yet unresolved. The problem arose when The Hague announced that it will not contribute more than 10% of the total amount needed yearly.

Although some progress was made with regard to the concept of an Antilles of the Five, it is obvious that several time- and energy-consuming meetings, both among the Five and between the Netherlands, Aruba and the remaining islands, will have to follow. With a view to the above indicated economic situation this seems a luxury the Antilles including Aruba can hardly permit itself.

Adding this all up Martina's decision to dissolve the cabinet may be judged a wise move. It has at least created a chance to realign the political forces in the country and work towards decisive government.

Although Mr. Martina obviously preferred to dissolve parliament and call for new elections in order to rid his party of dissidents like Mr. Markes, he agreed that the nation would be better served by first

ascertaining if a new and stronger coalition could be formed.

Informateur

Shortly after the Ministers tendered their resignation the Governor of the Netherlands Antilles, Prof. R.A. Römer, having consulted all party leaders, appointed Mr. Claude Wathey of St. Maarten as "informateur". (A procedure common to the Dutch political system).

The informateur's task consists of looking into the possibility of forming a new coalition with a workable majority in parliament and advising the Governor accordingly. If the informateur is successful a "formateur" is appointed. Sometimes but not always this is the informateur himself, who will also probably become Prime Minister.

The choice for a number of reasons is interesting. Mr. Wathey is beyond any doubt one of the most capable and sharp political minds in the country. It may therefore be expected that he will not only look at the political survival chances of a possible new coalition cabinet, but with a view to the economic and constitutional problems also lay the groundwork for an economic emergency programme.

Cabinet

From one of Mr. Wathey's closest advisers AR learned that preference is given by the informateur to a 'national' cabinet of the Antilles of the Five i.e. excluding Aruba. The latter island, however, would be represented in the cabinet by two ministers without portfolio to assure Aruba that its interests during the transition period to status aparte are properly taken care of. The cabinet would, besides a limited number of politicians representing the larger parties, consist of professional experts. As general elections are only 20 months away the cabinet would carry out a programme agreed to in advance, with a heavy accent on economical and constitutional aspects.

Although the concept has great merits and might well be the best approach the country could hope for, it is doubtful whether the political parties will agree to such a solution or a similar one. Not only does it imply a loss of face for a number of

political leaders, but also a loss of actual power at least for a certain amount of time. And this may be too high a price to pay for the nation's good.

Austerity

The most urgent issue a new cabinet will have to deal with is the worsening economic situation. This calls on the one hand for a stringent austerity programme, implying the scaling down of wages and social benefits. Also there seems no escaping the fact that the government will have to trim the civil services. On the other hand foreign investors will have to be attracted in order to alleviate unemployment. Such measures, however, demand a definite change of attitude in particular on Curaçao, where much heralded theories of Antilleanization have resulted in an unrealistic over-estimation of the island's own potential, both with regard to human resources and business possibilities.

Also in this respect the choice of Mr. Claude Wathey as informateur must be welcomed. The architect of St. Maarten's boom, Mr. Wathey has followed a policy of inviting foreign capital and know-how into his island without ever letting any

outsider coming anywhere close to running his island.

As a result both the foreign investor and St. Maarten have in general done extremely well, which in turn prompted many companies in particular of the international financial sector to open up recently in St. Maarten.

With a view to the constitutional issue Mr. Wathey is probably in the best position to get all parties concerned back on a constructive road. Outsider to the Aruba-Curaçao conflict and holding the keys to an Antilles of the Five — St. Maarten being partly Dutch and partly French is the only island territory with other viable options — he seems well suited to act as a broker.

If Mr. Wathey fails, the only option left will be another round of general elections. Few observers expect the outcome to yield a picture any different from the present one.

On the contrary, such a development will only set the country further back, costing precious time and money, neither of which the Antilles can afford to loose.

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*In spite of protests
and economic crisis:*

NO CHANGE OF HEART

by Henk Timmer

The Aruban community was very much surprised when a storm of opposition against the Round Table Conference agreements about Aruba's future separate status suddenly arose in Curaçao this spring. Surprise in the first place because one year had elapsed without much disagreement and without major opposition against working toward the separation target date of January 1, 1986. Commissions had been formed and the energetic Minister Ralph Richardson worked hard to get the train on its track and running. The surprise was even greater because the same politicians and representatives of labour, who were present at the RTC and applauded the outcome, now suddenly showed so much dissatisfaction and contempt. A year ago most representatives from Curaçao seemed satisfied with the result. Living with the Union system would not be easy, but on the other hand that same Union would be the solution to keep the islands together as much as possible and minimize, albeit not eliminate the budgetary consequences of the uncoupling of Aruba from the Netherlands Antilles. A certain irony could be noticed in remarks coming from Curaçao, summing up the result of the RTC as a masterstroke by Prime Minister Lubbers and Minister of Antillean Affairs De Koning, making Aruba accept a package that is just a minor variation on the federation proposed by Curaçao and the other islands, but always rejected by Aruba. The Union system indeed has much similarity to a federal system, but it has one — for Aruba very essential — important difference. The majority of voters in a federation could support and thereby effect a return to centralized government, while this can never be the case in the system approved at the RTC.

Aruba will always be autonomous and not limited in government otherwise than as agreed to within the Union structure, unless the Arubans themselves agree to a change in this system. What happened in Indonesia, where at the RTC in 1949 agreement was reached about setting up a federation, but which afterwards changed to one centralized nation, would not be possible in our future structure. Aruba's separation per January 1, 1986 is a fact and guaranteed by this RTC.

Price

The success of the RTC was little short of a miracle. All parties represented had serious doubts about the outcome, and up to the last day the chances for a compromise looked bleak. The relief after the unexpected agreement on the final draft of the 33 points of consensus as presented by Prime Minister Lubbers for a while overshadowed the fact that there was a large number of loose ends and important matter left to be settled later on. Aruba, after calculating the budgetary consequences for the island, knew that going it alone would mean a step backward for the Arubans, but hoped to compensate the extra expenses involved by successful growth of the economy and consequently higher tax income.

Recent developments in the economy, such as doubts about Lago's future, reduced spending by Venezuelan tourists and much lower tax revenues, make this rather doubtful and only the presence of oil reserves off the coast of the island would be able to bring about a change for the better. This, however, does not mean

that Aruba's interest in its separate status has diminished. Some commentaries in Curaçao to that effect must be labelled unrealistic. The Arubans have chosen for a



photo Amigoe

Betico Croes

separate development and will follow that course through good and bad years.

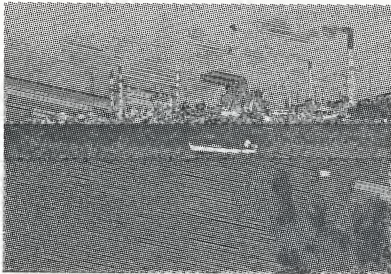
Anger

For Curaçao the picture is quite different. During the preparatory years Curaçao politicians and civic leaders did not spend much time on the subject of the future political status. Since the times of Prime Minister Juancho Evertsz, a large number of commissions have been working on the subject, but without attracting much real interest from the population of the various islands, except Aruba. Even at the Round Table Conference the attitude



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photo Amigoe

Mr. and Mrs. J. de Koning

of the representatives of the five islands was more or less that they came to discuss the departure of the Arubans and that this separation had their blessing, as long as it did not affect their own future. When a draft document made up by the Dutch also mentioned a target date for the independence of the Five, that sentence was removed by the representatives of the five islands with indignation and disgust, claiming that independence was not the subject of this meeting.

Fallacy

For the Dutch politicians, however, the prospect of an independent Aruba — somewhere in the nineties — cooperating

with a Netherlands Antilles that would still be a partner in the Kingdom, is not very attractive. Although the idea of independence is not totally rejected by the Five, it is generally realized that becoming independent without certain ties with a larger country will have sobering consequences. It is therefore not surprising that only a few small radical groups are promoting the idea. These groups — young and with marxist sympathies — believe that all the problems and troubles concerning the separate status of Aruba and the future status of the remaining five islands are a smokescreen put up by Holland with as objective exactly the opposite of what the majority thinks, yes, to prevent the Netherlands Antilles from becoming independent! In the opinion of

these very small groups Holland will do its utmost to keep these islands under the Dutch flag, in order to be able to exploit the islands economically. They claim that through Shell, KLM and many holding companies of large Dutch multinationals, Holland has advantages it does not want to lose!

Of course better informed people know very well that this theory is a fallacy. The success of Shell is certainly not dependent upon its Curaçao refinery and the future of Shell Curaçao is also not related to the political status of Curaçao. The Dutch holding companies have many alternatives and Curaçao needs them much more than they need Curaçao. There is no doubt that getting the Netherlands Antilles and Aruba to accept their independence is of far greater importance to the Dutch politicians than the dividends paid by KLM. The theory, strange as it may seem to the informed, is repeated time and again and is probably the result of frustration caused in these radical minds by the unusual pattern of our independence process. In our situation it is not the colony that strives for freedom, but just the other way around: it is the former colonizer — now partner — that wants to be freed from its responsibilities towards its former colonies, and therefore pushes to start discussions concerning termination of the existing partnership.

Fear

The majority of the people of the Netherlands Antilles, including Aruba, wants that partnership continued for the time being. The high pressure from Holland irritates, especially at times like the present, with the danger of more unemployment, more failures of enterprises and reduced confidence in the future. At times when the people of these islands are not sure if Lago and Shell will remain, if ALM and DOK can survive and be brought back to profitable operation, when it is not clear what part of the offshore financial sector can be maintained, they cannot be expected to be working and certainly not wholeheartedly towards changes in the political structure. If it were just a matter of the separate status of Aruba and a new structure for cooperation with Aruba, it would be more acceptable, but the undercurrent of an unavoidable independence makes it very hard. ▶

Aruba had to accept the target date of 1996 for independence as part of the deal for getting its separate status in 1986, but Holland keeps pointing out that the target of 1996 is not only for Aruba, but for all the six islands. Although the year 1996 is not firmly established — Art. 2 of the RTC agreement states that another RTC will be held before 1996 in order to review that target date in the light of the developments in the political status of the three Kingdom Partners — Holland would like to keep 1996 as a goal. Not only for Aruba, but also for the Five. The members of the Dutch parliament and Minister De Koning have plans to call another conference in 1986 in order to discuss the independence of the Five.

Stubbornness

Repeated messages from representatives from the Netherlands Antilles have so far not changed the minds of the Dutch and the dissatisfaction with this Dutch stubbornness has probably caused the present surprising opposition against the RTC agreement of a year ago. The matter of the Solidarity Fund — a fund to be formed to cover the budgetary deficits of the islands Bonaire, Saba, St. Eustatius and perhaps for a while also of St. Maarten and to be contributed to by Curaçao, Aruba and Holland — was just the immediate cause for the revolt. But what the matter boils down to is resentment against a forced independence that is viewed with anguish, as some catastrophe that will inevitably come over us, if we do not stop it in time. So Curaçao, Bonaire, St. Maarten, Saba and St. Eustatius lent a willing ear to the call for action voiced by labour union leaders of Curaçao.

Refusal

Aruba of course was also listening, but not without fear of seeing its coveted separate status being shipwrecked just when the safe harbour is in sight. Aruba's foremost political leader Betico Croes made another trip to The Hague and pleaded for complete adherence to the RTC agreements and asked Holland to put pressure on the other islands to cooperate in preparing the separate status of Aruba along the lines established in The Hague a year ago. Croes agrees that not everything was fine tuned during the RTC and that certainly the Dutch participation in the Solidarity Fund must be substantial, but

he is not willing to go back to renegotiating the whole idea of the separate status, as has been suggested by various politicians and labour leaders in Curaçao.

Threat

In August Minister de Koning will again sit down with representatives of Aruba and the Five to discuss the problems that have arisen. The Five will claim that they have agreed to the separate status for Aruba, but only if it will not be disadvantageous to the other islands. A report drawn up by a commission led by Mr. Carlos Dip has proven that the increased cost of government for the Five will be prohibitive. Solutions will have to be found for this budgetary problem. The Union between Aruba and the Five and the reformation of the structure for the Five will have to be reviewed. The Solidarity Fund will of course be a major point of discussion. But most important of all; the threat of a future independence without proper preparation must be removed!

These islands have been under Dutch rule for 350 years now. For the last 30 years they have been partner in the Kingdom and have succeeded to maintain this position in the Kingdom with 90% autonomy. The changes per January 1, 1986 will mean quite a shock for these island populations. Adjustment to the new situation will take time. Much more than 10 years will be required for all the bottlenecks to be straightened out and for things to start running smoothly. Holland should allow sufficient time for this process before asking these islands to take that most drastic step of all: independence. If all efforts can be focussed on the changes per January 1, 1986, and sufficient time can be given to improving the economic structures, at some time in the future the independence trail can again be picked up. For now it would be asking too much to expect restructuring for Aruba's separate status, rebuilding the economy and preparing for independence all at one time. By asking too much, all can be lost. ■



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Threat Of Drugs

SPECIAL MARKET SHOULD BE NURTURED

Being different is at last beginning to pay off. Bonaire's special tourism mix of a relaxing atmosphere catering to suburban bohemianism, a variety of scuba-diving opportunities and comfortable hotel accommodation is increasingly appreciated as a most enjoyable alternative to the standard Caribbean beach- casino- nightlife package.

During the first four months of 1984 an increase of nearly ten percent in visitors from the United States was reported by Mr. P.N. Tromp, head of the Bonaire Government Tourist Bureau. Mr. Tromp, moreover, was happy to state that "in view of excellent bookings for the summer we are looking forward to a new high in visitors this year, despite the fact that tourism from nearby Venezuela and some other countries has been hurt by currency

devaluation and other economic factors".

A factor in coming months, Tromp noted, is that an aggressive promotion campaign has been undertaken by the management of the island's largest hospitality, the 145-room Bonaire Beach Hotel (formerly Hotel Bonaire). The property itself has been in an extensive upgrading programme since Caledonian Hotel management, Ltd., took over last year, while Flamingo Beach Hotel, Aqua Habitat and other tourist facilities have made numerous improvements in anticipation of the summer influx, Tromp said. (see also AR. 4/2).

Character

What Tromp did not mention, but what may be a much more basic explanation of the steady growth of Bonaire's tourism is the hitherto unchanged character of the island's society. Enjoying most if not all of modern day comforts the island can still be typified as a 'village' in the best sense of the word. The friendliness of its population is refreshingly devoid of the commercial motivation thought by many to be the key to success in the tourism business. As a result the island is ideally suited to serve the growing market of the affluent, who are not looking for the regular type of sophisticated and commercialized holiday resort.

Drugs

It should be observed that promoting the island to this particular market is not the express policy of the island authorities. At least has not been so in the past. On more than one occasion the island government gave in to the temptation to participate in grandiose projects, which turned out to be the proverbial white



photo Amigoe

Niki Tromp




elephants, Nor has much been done to stem the growing drug abuse in particular by the island's youth. Many fear that, if allowed to continue, this development may not only be most harmful to Bonaire's society in general, but will also deprive the island of much of its attractiveness with regard to the particular tourism market indicated above.

Project


Good news, on the other hand, has recently been released with regard to the island's latest project called the Lagun Villas. Situated on the far east-end of the island near a Lagoon of exceptional beauty, the project consists of a first group of fully furnished bungalows, which will soon be made available on a time sharing basis. An earlier project on that part of the island failed because the government did not follow up on its promise to supply the construction site in time with drinking water and electricity.

The Lagun Villas, however, were recently connected to the island's system of water distribution and it is expected that the necessary electricity cables will soon be installed. The completion of the project will, no doubt, further strengthen Bonaire's position in the highly competitive tourism market as a most attractive alternative. The co-operation given by the island's latest government to get these kinds of projects off the ground may hopefully be interpreted as an indication that a policy is being developed in accordance with the distinct character of the island and geared to the corresponding market.

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A colourful history culminates in the design of

CURAÇAO'S OWN FLAG

by Paul De Windt

The Pasan Grahang may not be Curaçao's most beautiful building, the old wooden structure overlooking the Schottegat is very much part of the island's modern history. It was here that the first aeroplane to touch-down on the island landed. It was here that the latest pride of the Curaçao people, its own flag raised for the first time on July 2nd of this year, was designed.

Today the Pasan Grahang is known as Restaurant Bellevue, offering one of the best local cuisines. A favourite hide-out for politicians, the old building this month not only celebrates the fifth anniversary of the restaurant, but also a venerable history culminating in the design of Curaçao's

own flag.

Hydroplanes

It must have been quite a sight. The handful of boy scouts on the highest little island in the then much bigger bay, connected to Curaçao's large natural harbour, at first probably did not pay much attention to the two specks in the air that looked like two far-off birds on that warm Saturday afternoon of August 18th, 1923. It must have been the light, but constantly louder hum that made them notice that something very out-of-the-ordinary was happening on that day. The by now gigantic birds did not leave them much time for thought or action, as they glided over the bay and set down on the water with frightening ease. They did not sink, but instead proceeded to the island without losing

speed, at a pace unknown for any motorboat of that time. The boy scouts of the camp called "The Green Tipi" moments later were the first to shake the hands of the pioneers of what would later become a frequent sort of visitor to Curaçao.

Lindbergh visit

Traffic by air was introduced for good by this first visit of the two hydroplanes of German make belonging to a Colombia-based company, and after that the island was properly named SCADTE ISLAND after the company that played such a historic part in the realization of this traffic. The island's part by no means ended with that first happening, but saw its continuation when Charles Lindbergh, after crossing the sea, set down his plane in Curaçao



at this same spot on September 29th, 1927. To celebrate this feat a cocktail party was given in his honour by the Governor of Curaçao, which party Lindbergh only attended for 15 minutes, according to historian Johan Hartog.

Connection built

The SCADTE island by then was no longer a real island, because for the occasion of Lindbergh's visit a connection had been built to the edge of the bay, to facilitate the transport of guest and hosts to and from the boy scout camp and the plane. By that time Curaçao had already established regular airtrips between the island and Colombia, using a plane of the SCADTE company named "Isidoor". The connection to the SCADTE island, a sort of dam that could be driven on, meant that from now on it would play a more active part in the day to day activities in Curaçao. With the construction of the connection to the island was involved ex-Prime Minister Ernesto Petronia, then a 13-year old apprentice- landsurveyor. After this was completed a large part of the bay around the island was laid dry to make room for building activities.

Base and expatriates' home

The buildings which now house the Bellevue Hotel and Restaurant were built by American soldiers around 1941. They had their own base there during the second world war. After the war the buildings were taken over by the local government and used to house civil servants of the Dutch Kingdom, who had been forced to leave Indonesia before or during the occupation of that country by Japan. Also those Dutch civil servants who, because of the war and struggle for independence from Holland that started soon afterwards, had to flee Indonesia to a safer haven and could not find a place to live in right away, were temporarily put up there. They named their new lodgings "Pasan Grahang", which in the Malayan language means passing-through house. This is the name still used by many people when referring to the buildings.

Hotel and Restaurant.

Subsequently the buildings and surroundings were rented by successive persons and were run like a type of old-style inn, where the host sits down at the table



photo Amisgoe

with his guests. The latest owner of the hotel, who came to Curaçao some 40 years ago, started a restaurant there in 1979, which restaurant has developed into a favourite meeting place for local politicians and dignitaries to discuss state and other affairs over lunch or dinner. The Bellevue Restaurant, as both Hotel and Restaurant are now named because of the magnificent view over the bay, has an excellent local cuisine that is recommended in the travelling guide of the Arthur Frommer Hotel chain and in Rodier's travelling guide as the best tropical restaurant in the Caribbean. Recently the English language newspaper of Aruba, The News, wrote an article about the restaurant calling it the best restaurant in Curaçao for local dishes and recommending it to all tourists coming to Curaçao from Aruba.

Politics

The hotel again played a part in the country's history when in 1982 a governing agreement was signed by three political parties of Curaçao, defining the conditions of their co-operation. Many local journalists remember the long night of waiting at the hotel for news about the outcome of the deliberations with Betico Croes, the leader of Aruba's biggest political party, in order to form a new central Government, including his party. This proved to be impossible as the demands he made were unacceptable to the other parties involved.

Flag

This month the restaurant is celebrating its first lustrum with a free drink for visitors and nightly folkloristic shows at 8 p.m., during the week starting on July 20th. For the family of the owner Martin Den Dulk it a very festive month indeed, because again history was written in these buildings. On July 2nd last the new flag of Curaçao was raised for the first time and the designer of that flag was nobody else than Martin Den Dulk Jr., no doubt a real cause for pride and rejoicing. ■



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NEW LIBRARY VITAL TO DEVELOPMENT

The importance of libraries in small developing countries cannot easily be overrated. A fall-back into illiteracy is today a very common phenomenon all over the world. The danger of this reverse process is even more real in a society like Sint Maarten, in which education is given in a foreign language. To counteract such a negative development is one of the great challenges libraries are facing.

Expressing these thoughts at the official inauguration of the Philipsburg Jubilee Library's new building on June 16, Prof. R.A. Römer, Governor of the Netherlands Antilles, underlined in no uncertain terms the significance of the occasion for Sint Maarten. "With a view to education, but also to recreation and the dissemination of information, libraries in small communities play a most important role", Mr. Römer said. An insight apparently shared by St. Maarten's Island Government, the authorities in Willemstad and The Hague, who together provided the Jubilee Library Foundation with most of the approximately 1.5 million (NAf) needed for the construction of new and adequate premises.

Rapid growth

Founded 61 years ago the library witnessed an accelerated growth during the

past two decades, the period in which St. Maarten developed into a major Caribbean tourist resort. The total volume of titles increased from 2000 in 1969 to 25,000 in 1983. In that same span of time the number of books on loan went up from 6000 to 75,000 and membership rose from 250 to 3000! This last exceptional figure (representing over 25% of the total population) is partly due to a 1978 policy decision to grant all schoolchildren free membership. Today all primary schools on the island make use of the services of the library.

Planning construction

The rapid increase of activities led the Foundation's board to start planning the construction of an own and new building as early as 1978. Up till then the library had been housed in a succession of buildings not exactly suited for this particular purpose. Although some criticism has been voiced about the size of the new premises (1450 m²) the library's board should be complimented for its farsightedness. A further growth of St. Maarten's population is expected for the coming years, which implies that the volume of books might well reach 40,000 within 7 years in order to keep pace with the public's demand. According to the guidelines of the International Federation of Library

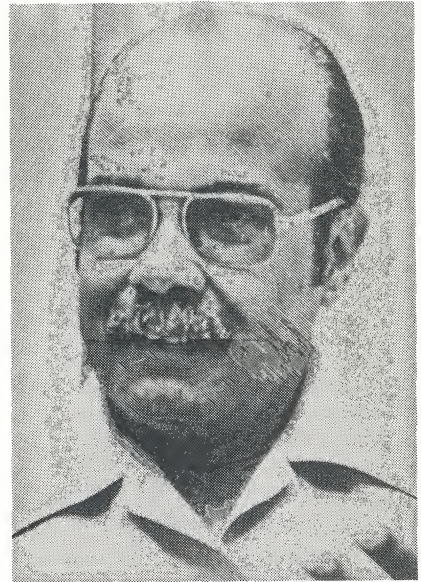


photo Amigoe

Prof.dr. R.A. Römer

Associations the new building should be able to cope with the envisaged development.

Modern methods

Planning the new building also opened the possibility to update the library's services along the lines of developments elsewhere. Audio-visual materials, mainly of an educational nature, are now available. In this connection it is interesting to note that the local radio station PJD-2 donated the library at the inauguration a set of tapes containing a full year local news broadcasts. Mr. Vance James, the station's manager, moreover offered to continue supplying the library with the local news programmes, which will contribute in no small measure to the oral history recording in the Windward Islands.

One of the island's foremost citizens, businessman Chester Wathey, presented the library with a satellite-receiver, thereby enabling the new TV-Video department to offer the public a wide range of informative and educational material. The music department, which has started with a collection of 400 tapes is expected to become one of the more popular services of the library.


Fully computerized and well-equipped the Philipsburg Jubilee Library should indeed be able to contribute substantially to the development of the island's population. ■

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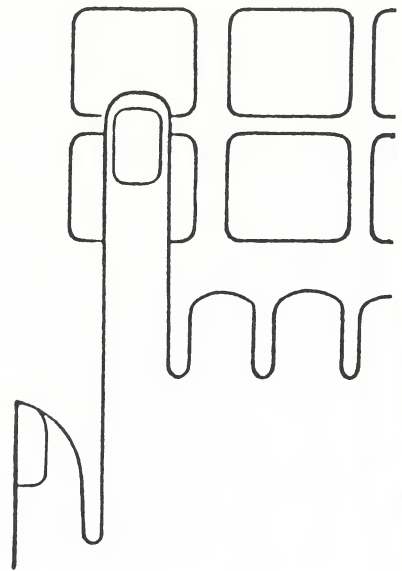
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by H. C. Beers

At the end of May 1984 foreign reserves with both the Central Bank and the private deposit banks reached a level of F.335 million, which means a drain of foreign exchange to an amount of F.9 million during the first five months of 1984. However, compared with 12 months ago an unexpected surplus was recorded of F.19 million. Prospects are dim in view of the reduced profit tax transfers by Lago of Aruba in July to an amount of only F.48 million against F.132 million last year and the altered circumstances for the offshore sector. In this respect an agreement was reached with the Netherlands for the exchange of information and higher taxes levied on offshore companies. The bad news came from Washington, where the withholding tax on U.S. interest paid to foreigners was repealed.

Venezuela increased its export prices for heavy crude oil. As prices for oil products did not follow suit in the international market, the cost level of the Shell and Lago refineries was adversely affected. Shell has to pay an additional f.40 million per annum and Lago F.63 million. Shell receives daily about 130,000 barrels heavy crude from Venezuela and Lago about 180,000 barrels.

Foreign reserves

As per the end of May 1984 official reserves with the Central Bank showed almost the same level as compared with a year ago i.e. f.266 million against f.268 million. This means that on an annual basis the balance of payments is in balance. The first five months of 1984 recorded a deficit of f.29 million, as due to seasonal factors the 1983 year end amount of f.295 million could not be maintained. Besides the Central Bank also the private deposit banks hold net foreign assets as part of the foreign reserves. At the end of May 1984 the banks recorded f.69 million in net claims on abroad against f.49 million at the end of 1983 and f.48 million per the end of May 1983.

Consequently the balance of payments shows a surplus, which is against all expectations in view of the worsening economic circumstances during the past period. Continuing high earnings from the so called offshore sector and less imports of merchandise by the trade sector, because of declining sales, as well as increased transfers by the oil refineries to pay for the release aimed at reducing personnel, mainly accounted for this result. This can hardly be called a favourable development. A surplus in an open economy under weak economic conditions, which

is a result of less spending and investments also means less employment. For 1984 economic growth will probably continue to be low, resulting in reduced domestic spending and foreign trade, including import of merchandise and export of services.

Public Finance

The condensed balance sheet of the Central Bank showed that the government has been facing financial difficulties. Lending to the federal government stayed at a high level, exceeding f.100 million. The island Governments started to borrow again to an amount of f.19.6 million in May 1984 whereas deposits held by the island governments reduced from f.112 million at year end 1983 to f.57.5 million at the end of May 1984. In July the island governments of Aruba and Curaçao will receive the annual profit tax payments from the oil refineries, which will improve foreign reserves and public finance.

However, this year Lago of Aruba is expected to pay only f.48 million against f.132 million last year. This tremendous reduction in government income will add to a deficit of Aruba's public finance.

Apart from the deposits with the Central Bank the island government of Aruba

maintains deposits up to about f.26 million with the private banking system. These funds provide enough compensation until the end of this year. Thereafter public expenditure will have to be reduced.

The federal government continued to borrow in the domestic market to refinance maturing debt. At the end of May 1984 a total amount of f.96 million was outstanding in treasury paper and f.120 million because of bonds sold to the public.

Tourism

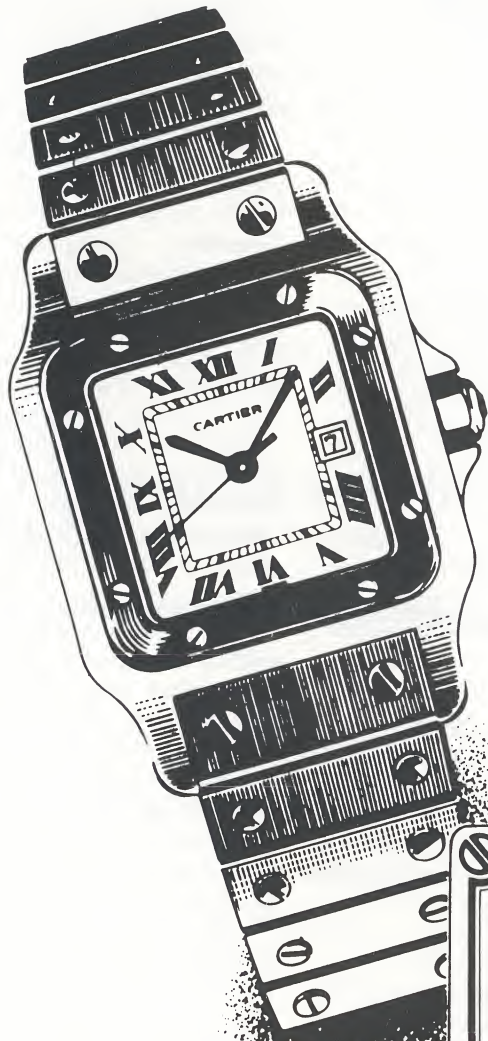
The trade sector of Curaçao, in particular the downtown area of Punda, is still suffering from the blow of last year's Bolivar devaluation. The Venezuelan shopping trips came to an abrupt end and no compensation was found through more cruise tourists or visitors from Europe and the U.S.A., despite the economic upturn in most of these countries. It appeared that Curaçao is losing its position as a shopping center to other places such as Miami.

Quite a few enterprises failed and had to close doors, among which some old and well known names. Others will without doubt follow. This will certainly change the basis of our tourist industry. From a shopping place Curaçao has to evolve to a recreation island, which takes some time and careful planning as well as a lot of promotion and also improvement of employer attitudes to enhance productivity. To attract more local buyers to Punda the parking problems are being attended to and there are plans for the shops to stay open during lunch time and in the evening. Hotels have to be renovated and transportation improved as well as possibilities for recreation. In this respect Curaçao has a lot to learn from some of its competitors.

Aruba performed relatively well and reported a growth in tourism during the five months of this year. A total number of 90,000 persons visited this island compared with 80,000 in the corresponding period of last year. This represents an increase of 12 percent. Most of the tourists were residents of the U.S.A. Despite this increase in volume, the trade sector also complained about reduced sales because of fewer Venezuelan buyers.

Shell Curaçao

Shell Curaçao has to pay an additional f.40 million per year for the heavy Venezuelan crude oil as a result of price in-



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creases that were announced mid-May. This extra expense was not projected and will have an adverse effect on the financial results for this year.

The operational losses for the previous years have already caused substantial reductions of expenses, in particular wages and related payments, in order to achieve a positive outcome. The personnel has already accepted sizable cuts in its income in a period when Venezuela still delivered oil against contract prices below official OPEC market prices.

In the beginning of this year crude oil prices were increased. During the first quarter Shell Curaçao recorded a loss of f.28 million. In May further price increases for crude oil deliveries were announced. Shell has to pay between 60 and 75 dollar cent more for a barrel of special heavy crude to Maraven. The oil refinery receives about 130,000 barrels a day. Prices of oil products also increased slightly in the international market due to the difficult situation in the Middle East.

However, this did not result in such a scarcity of oil that prices jumped to record highs as in 1979, when Shell Curaçao recorded an annual profit of f.400 million.

Lago Aruba

The price increases announced by Venezuela for heavy crude oil also affected the Lago oil refinery of Aruba. Lago receives about 180,000 barrels a day from Maraven. The additional expenses due to the increase ranging from 60 to 75 dollarcent amount to f.63 million per year.

Lago's future also depends on an adequate supply of crude oil from Venezuela. A long term contract for delivery at favourable prices is necessary to guarantee Lago's survival. Rumors that the oil refinery will close are being denied, both the federal and the island governments travelled to the U.S. and Venezuela to mediate. The outlook for Lago seems to be difficult because of the high investments necessary for additional facilities in order to produce more high quality products and also because of the excess in refining capacity in the world. Lago's parent company Exxon already closed down several plants in Europe. At the moment the oil refinery has to pay at least a minimum profit tax each year. However, due to the deteriorating circumstances resulting in substantial lower profits and the outlook of operational losses, the company will certainly try to more and more

Table 1

condensed balance sheet Central Bank; f. millions

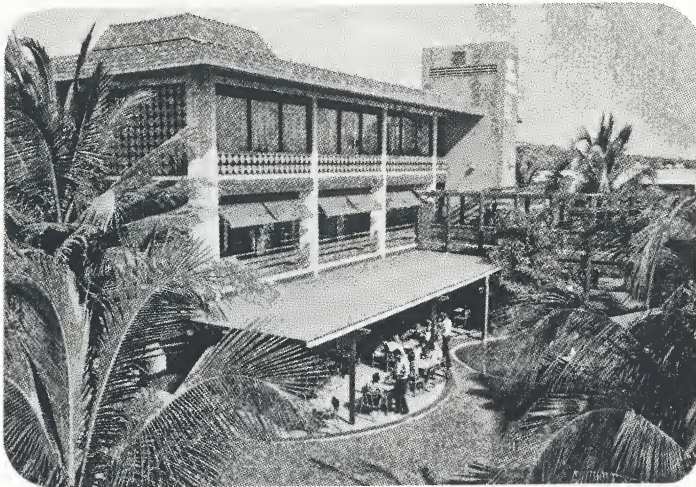
end of	May'84	April'84	March'84	Dec.'83
assets				
gold stock	41.4	41.4	41.4	41.4
foreign reserves	265.9	287.0	303.4	295.9
loans to:				
— fed. government	103.8	100.8	104.0	98.9
— island governments	19.6	—	—	19.6
— banks	0.8	4.9	1.0	0.0
— others	1.0	1.0	1.0	1.0
sundry assets	6.6	6.3	6.3	6.0
Total	439.1	441.4	457.1	462.8
Liabilities:				
bank notes	172.4	177.0	173.8	178.8
deposits held by:				
— tax collector	9.7	9.3	6.5	6.0
— island governments	57.5	63.0	84.6	112.5
— banks	81.9	65.3	59.8	35.9
— development projects	23.0	29.0	33.0	38.2
— other residents	16.2	21.5	20.9	17.6
— non-residents	0.8	0.8	0.7	0.6
sundry liabilities	13.8	11.7	14.0	9.4
Capital and Reserves	63.8	63.8	63.8	63.8

Table 2.

Foreign exchange cash flow; f. millions.

	first quarter 1984	1983	1982
Earnings			
Tourism	178.8	211.8	224.6
Transportation	79.7	78.5	98.6
Oil refining	97.0	70.1	76.0
Offshore services	128.4	124.5	84.7
Other services	107.4	88.9	107.6
Total earnings	591.3	573.8	591.5
Outflow			
Merchandise imports	322.6	407.6	399.8
Other current payments	193.9	161.4	155.1
Net capital flow	32.6	19.4	37.6
Increase foreign reserves	42.2	— 14.6	— 1.0
Breakdown tourism			
Aruba	65.6	75.8	70.7
Curacao	33.9	49.8	75.0
Bonaire	1.7	3.6	3.1
Windward Isl.	77.6	82.6	75.8
Total	178.8	211.8	224.6

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cut expenses. This year Lago is paying an amount of f.48 million for profit tax against f.132 million last year.

Curaçao Drydock Company

The Curaçao Drydock Company has applied to the island government of Curaçao for more financial assistance. The Company requests f.14 million as working capital. Last year's financial losses reduced its working capital from about f.20 million to a deficit of 7 million. The island government already invested f.30 million in the Drydock; f.5 million during 1982 and last year f.25 million.

The drydock needed the requested additional working capital not only to finance existing operations, but also for granting trade credits to customers. The island government seems willing to comply with the request, but is asking for compensation through an increase in the equity capital. The authorized capital amounts to f.40 million, f.27 million of which has been paid up. It has been proposed to reduce the current nominal value of the outstanding shares by 50 percent to a total amount of f.13.5 million. Subsequently new shares would be issued for the f.30 million already invested in previous years. New working capital might be granted as a loan to an amount of f.10.5 million.

The management of the drydock will evaluate the rescue plan as executed since last year. The experience for the first quarter seemed rather favourable. When this is not the case for the second quarter a further reduction of expenses will have to be realized.

Offshore sector

An agreement was reached with the Netherlands to change the existing tax regulations between the two Kingdom partners. Besides exchange of information, a withholding tax on dividend payments will be introduced. The withholding tax will amount to 7,5% percent, with the stipulation that it will not exceed 5 percent in case the dividend already has been charged by a profit tax of at least 5.5%.

The modified tax regulation for the Kingdom will be in force for a period of five years, unless the tax laws of one of the partners change substantially. The regulation will probably be effective as from January 1, 1985, after being confirmed by Kingdom Decree.

At the moment the Netherlands do not tax dividend payments received from sub-

sidaries established in the Antilles, because according to existing regulations the taxation takes place in the Antilles where profit tax for offshore companies is only 3 percent. Starting next year the Netherlands will introduce for these companies a withholding tax of 7,5 percent. This percentage will be reduced to 5, if the Antilles has increased its tax from 3 to 5,5 percent. Consequently the total tax in these dividend payments will be 10,5 percent.

Such an increase in the tax burden will undoubtedly have an impact on the development of the offshore sector. The prevailing view is that the Antilles may lose its attraction for certain small companies, but that the legal security of the tax regulations is favourable for big enterprises operating internationally. In Washington D.C. the Antilles continued to lobby to oppose the repeal of the withholding tax on interest earned by foreigners who invest in U.S. based securities. The repeal was popular with U.S.-based investment bankers, who wanted the extra customers, but was opposed by overseas brokers, who would be deprived of the business. The Antilles naturally did not want any sudden change that might rock its economy and retained Charles Walker to help promote its interests in Washington. The

latter arranged a trip to Washington for Prime Minister Don Martina who talked to dozens of congressmen, including most of the tax conferees and to officials at Treasury and State Department. The result was a barrage of letters opposing repeal from the State Department and the House Foreign Affairs Committee. The offshore investment bankers also persuaded some members of the taxwriting Ways- and Means Committee to write anti-repeal letters.

The U.S. Securities Industries Association strongly backed the repeal and made personal visits. The trade group representing U.S. brokers has bombarded the congressmen with a phalanx of lawyers.

In the second half of June congress voted for a total repeal of the withholding tax. The tax bill still must be approved by both houses of Congress and be signed by the president. Furthermore, only securities sold after the law becomes effective will be exempt. This will not mean the end of the offshore sector but a substantial setback will certainly be the result. The Antilles will have to utilise the coming months to come up with new inventive ideas to profit again of changing circumstances in international trade and finance. ■



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BAD NEWS FROM WASHINGTON

It could hardly have been worse. When the U.S. House and Senate conferees decided late June to repeal the 30% withholding tax on interest paid to foreign investors in US securities, they in effect eliminated the Netherlands Antilles as a gateway to the Euro-dollar market. Although a provision permitting all bonds that will have been issued through the Antilles until the repeal to stay here seems to allow some breathing space, both to the off-shore sector and the national government the final outcome may well amount to a loss of close to 30% of the national income.

The first official reactions of the Antillean authorities were carefully restrained. First of all, no doubt, because the country, already facing serious economic recession, would not be served by spreading a mood of alarm. Secondly because the negative effect of the new tax bill will not be felt in the Antilles until at least another two years, making it politically unwise to shout defeat. And thirdly because new possibilities are being explored to keep the Netherlands Antilles on the map as a foremost financial centre. If successful these attempts will certainly not make up for the loss of income which will eventually be incurred as a result of the repeal, but may compensate for part of the damage and at least save the jobs of many now employed in the off-shore business. Nevertheless the news from Washington was bad, very bad, even if some contend that it could have been worse.

The repeal question has been one of the most heavily lobbied issues of a voluminous and complex U.S. tax bill aimed at

raising \$50 billion over four years as part of a larger deficit reduction package.

Up till now U.S. corporations wishing

to borrow abroad could escape the 30% withholding tax on securities sold to foreigners by conducting their business

through subsidiary companies based in the Netherlands Antilles. By virtue of a tax treaty between the two countries, interest paid to such an Antillean-based subsidiary was eligible for exemption of the withholding tax in the USA. Although the tax treaty obliged the Antillean authorities to levy the same percentage of withholding tax, this applied only to the net profit, thus making it for American companies worth while to use this circuitous route.

Task number one therefore remains concluding the renegotiating of the tax-treaty.

Since 1974, according to the Wall Street Journal, US corporations have borrowed \$32 billion abroad, \$7.4 billion of it last year. Most of this business was done through the Netherlands Antilles. Consequently the revenues from this source became increasingly vital to the Antilles, which after all are without any natural resources.

Pressure

It stands therefore to reason that the Antillean Government did everything within its means to prevent the repeal, which would virtually eliminate the country as a profitable entry into the Euro-bond market. Principal negotiator was the country's Minister Plenipotentiary in Washington, Mr. Harold Henriquez, a most capable tax expert. Drawing on the services of a high priced Washington lobbyist, Mr. Ch.E. Walker, and advised by leading people from the off-shore sector itself, Mr. Henriquez should in all fairness be given most of the credit for preventing an outcome even more disadvantageous to the Antilles.

Although earlier efforts to have the withholding tax repealed never made it to either floor on the Hill - with the exception of 1976 when a similar proposal was defeated in the House and a year later in the Senate - this time there was little hope that the tide could be turned. The increasing dependency of the US Government on foreign capital to finance its huge budget deficit made Treasury push hard for the repeal. Officials contend that the measure could lead to greater foreign demand and perhaps lower interest rates for the Treasury.

Lobbying in favour of repeal also came from corporations, which afraid that the renegotiation of the tax-treaty between the USA and the Antilles might result in the treaty being terminated, wished to ensure their continued access to the Euro-bond market. Pressure was also exercised by Wall Street firms, which expect to fare well by having the business come to America.

Grace

Almost right up to the decisive session of the conferees it was unclear what would be the outcome. Few doubted the repeal would come off, but the question was whether it would be immediate or spread over a number of years. It was in fact immediate, but with two provisions, one of which does give the Antilles a grace period of seven years with regard to all bonds issued through the Antilles until the repeal. But this provision may be more cosmetic than anything else. It seems obvious that if it is more profitable for corporations to forego the Antillean connection, they will do so by re-financing their loans. And anyhow the seven years represent a downward sliding scale, the first consequences of which will be felt within two years. Little reason therefore to speak of grace. Estimates of the eventual total loss of income to the Antillean Government range from \$US 120 -180 million, the last figure probably being closer to the truth.

It should be observed that income from the oil refinery sector as well as tourism is also falling back, making the implications of the repeal even more ominous with regard to the Antilles' future. Insiders therefore were astonished to hear several politicians downplay the inferences of the repeal for obvious party-political motives. A most irresponsible reaction which might even jeopardize the next round of negotiations concerning the tax-treaty if such a round is indeed still to be.

Treaty

For the past three years the USA and the Netherlands Antilles have been renegotiating the twenty year old tax-treaty between the two countries. The repeal, it has been argued, has knocked the bottom out of the treaty, making further renegotiating superfluous. Indeed it was expected in some quarters that Treasury would terminate the treaty unilaterely before June



Mr. Harold Henriquez.

30 (the yearly deadline) now that the withholding issue was definitely decided upon. The fact that this did not happen *might* - but no more than that - mean that the USA still recognizes the conclusion of a renegotiated treaty worth while. In fact it should. The treaty has served many other purposes apart from providing US business entry into the Eurobond market. It might even serve more purposes (see below) in the near future.

Little reason to speak of grace.

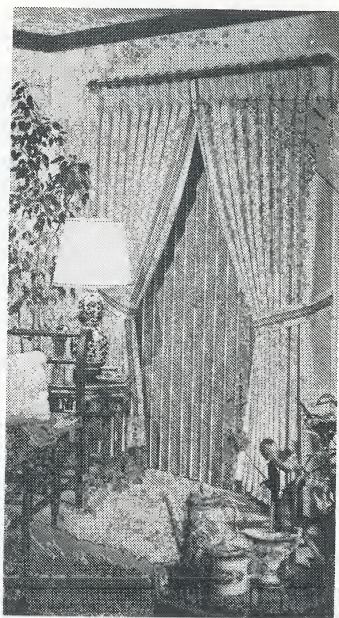
It should, however, also be realized that the tax bill containing the repeal must still be approved by the House and Senate and signed by the president. Mr. Reagan has warned that he will not sign any tax increases unless spending cuts are sure to follow. The whole package could also be held up by disagreement about the size of military spending. Terminating the treaty before the repeal has become law would therefore not be in the interest of the USA.

Options

The over-all picture being rather bleak the only option left to the Antilles is to develop new activities in order to stay in the picture as an international financial centre.

Making a living by exploiting the ever-changing opportunities provided by the circumstances of the moment in international trade, services and finance, is in fact what the Netherlands Antilles have been doing for ages, says IMF's Mr. Polak. In a statement to the Executive ▶

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Board of that institution late November of last year, Mr. Polak, evidently foreseeing the above indicated development, wrote: "If one or the other mainstays of economic activity were to become less lucrative, the likelihood is that new economic opportunities would be discovered, as in the past."

There is indeed every evidence that such opportunities are presently being discovered.

FSC

One such opportunity is presented by a proposal of the Reagan administration to replace an old export subsidy programme by a measure that might very well prompt a number of American export firms to make use of the Netherlands Antilles in order to qualify for tax exemption on a portion of their income.

To end a long standing dispute with the GATT (General Agreement on Tariffs and Trade), which contends that the existing incentive for US exports amounts to an illegal export subsidy violating GATT rules, a proposal has been forwarded introducing the concept of a Foreign Sales Corporation, FSC.

In the typical case, a US parent will form an FSC for the purpose of making its export sales. Provided it meets certain requirements, a portion of an FSC's income will be exempt from US tax at both the corporate and domestic corporate shareholder levels. By requiring certain sales activities to be performed *outside* the United States, the proposal comports with the provision in the GATT Understanding requiring tax-exempt income to be from economic processes located outside the United States.

It are these requirements for qualifying as an FSC which are of great interest to the Netherlands Antilles. The proposal states that an FSC must:

- (1) maintain an office outside the US territory;
- (2) maintain a summary of its permanent books of account at its foreign office;
- (3) have at least one director who is resident outside the USA;
- (4) must be incorporated outside the United States.

The Netherlands Antilles with its excellent infrastructure for international busi-

ness should be an attractive location for American firms wishing to set up an FSC. Both the USA and the Netherlands Antilles, moreover, would greatly benefit if it were also stipulated that an FSC should be incorporated in a country with which the USA has concluded a tax-treaty.

Such a requirement would on the one hand assure the US authorities of a proper channel for obtaining the necessary information and on the other hand present the Antilles with the possibility to offer once more their proven and reliable services to the international community.

The only option left is to develop new activities.

It should therefore also be observed that the FSC proposal constitutes a strong argument both to the USA and the Netherlands Antilles to continue and conclude the ongoing renegotiations concerning the tax-treaty!

Warning

A note of warning, however, is in place. The FSC proposal stipulating that such companies should be incorporated outside the USA specifically mentions that Guam, the Virgin islands, the Commonwealth of the Northern Marianas and American Samoa are also eligible. Consequently competition from these places will be severe. For that same reason it is not to be expected that Treasury will be in a hurry to certify the Netherlands Antilles, if indeed it will be willing to do so at all.

The Antillean authorities therefore would be well advised to study the matter at hand carefully and not jump to conclusions too quickly. Going to bed for the sake of attracting a handful of FSC's whose uncertain term of life is determined by GATT-negotiations, may jeopardize other options and even cause fundamental changes in the tax-treaty negotiations.

The tax-treaty it should be realized, determines the financial structure of the Netherlands Antilles. Task number ONE therefore remains concluding the renegotiating of the treaty

Shipping

Another example of exploiting the ever-changing opportunities provided by the circumstances of the moment is the proposal now under consideration to broaden the legislation concerning the registration of ships.

Presently shipping companies pay withholding tax on the profits made by their ships sailing under the Antillean flag. The proposal would provide companies a choice between paying withholding taxes or paying a fixed rate per registered gross tonnage. Quite a few companies prefer the latter arrangement as it allows for a more certain calculation of costs. Also if business thrives they will undoubtedly be better off.

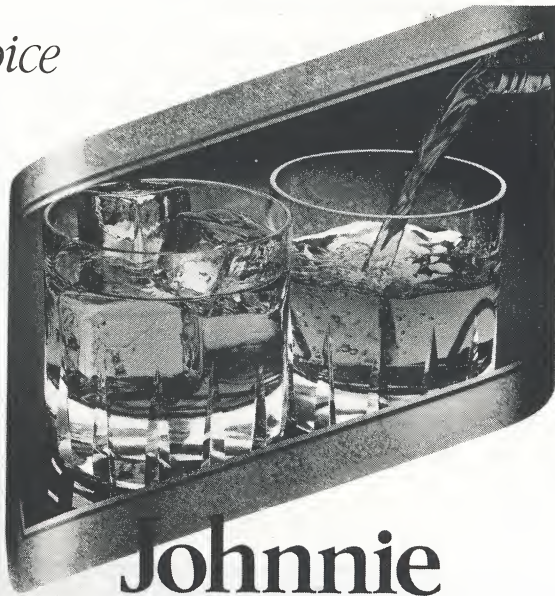
There are strong indications that if the proposal is passed into law a fair number of shipping companies now registered in countries like Panama and Liberia will change over to the Netherlands Antilles.

Not only would that mean extra income for the government, but also the creation of more employment, as it may be expected that such companies will set up offices in the Antilles. Another possible advantage might be that such companies will make use of the Curaçao Drydock for servicing their vessels.

These two examples of new opportunities indicate that at least part of the losses caused by the repeal may somehow or other be compensated both in terms of income and employment. But with a view to the relatively enormous amounts involved, there is certainly no reason for optimism.

The Netherlands Antilles are once more experiencing the negative impact of its almost complete dependency on outside forces. A further decline of its economy will beyond any doubt cause great social unrest and might seriously jeopardize its heritage of stable democracy. A development which would be to no-one's advantage except the un-democratic forces in the region. An implication, one may hope, that will not go unnoticed in Washington. ■

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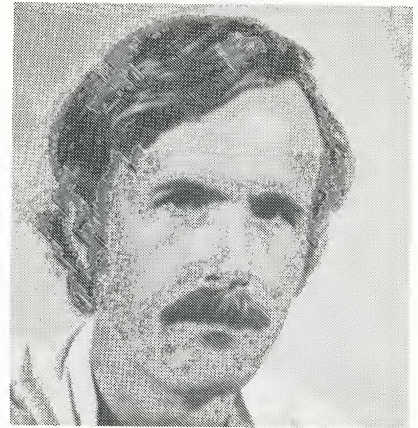
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THE NETHERLANDS ANTILLES

AND

THE AMERICAN DRUG PROBLEM

by J.M. Reijntjes



There is every indication that the USA is being deluged by drugs, especially cocaine and marijuana. Public opinion is becoming aroused and people are starting to look for a culprit. In the Antilles we notice that when a big country has problems, its small neighbours are also affected.

Let's first have a look at the situation in our own country. There is certainly a drug problem here, but not to the same extent as in Holland or the USA. Local production is negligible. It only concerns marijuana and when the police discover some ten or fifteen plants somewhere, we already think that this is a lot. Antilleans by nature are not agriculturists. Opinions here differ strongly on the use of marijuana. The upper class is strongly against it, while broad circles of the population presumably are of a different opinion. Many do not consider smoking "weed" a censurable act. (Perhaps a sociologist could make a study of what people really think about this matter). The big problem is the widely disapproved, but nevertheless increasing use of cocaine. Not too long ago the police even succeeded in intercepting a shipment of heroine, but fortunately the use of hard drugs still has not reached the proportion it has in Holland and the USA. Criminal prosecution is severe. Users as a rule get three months in jail for each gramme of cocaine found in their possession.

Ordinances

All the international treaties concerning the fight against drugs, to which Holland is a party, are also effective in the Antilles. This means that of the whole series of treaties only the Treaty of Gene-

va of 1971 and the supplementary protocol on the Singular Treaty of New York, drawn up in Geneva in 1972, are not in force here. The first one because it is too complicated, the second one because the Netherlands considered it a threat to the liberalization it is aiming for. (The question whether the protocol can be signed for the Antilles alone has apparently never come up). The first treaty ever concluded, viz. the one of The Hague (1912), even before it was ratified, led to an own Antillean Opium Ordinance (1913). The current legislation dates back to 1960 and was amended for the last time in 1978. The two agreements not effective here have also, as far as possible, been included in it. The maximum penalty for possession of or dealing in soft or hard drugs is ten years imprisonment. There is less gradation here than e.g. in the Netherlands, where the maximum penalty for possession of marijuana is only two years in prison and a f. 10,000.-- fine, but the penalty for dealing in hard drugs is twelve years AND f. 250,000.--. Yet the penalties are not as absurdly high as in some states of the USA, where the possession of marijuana can result in twenty years in prison and the sale thereof in a life sentence.

In the Antilles a lot of attention has always been paid to the actual fight against drugs. It is not a mere coincidence that the first promotion at the University of the Netherlands Antilles of ex- attorney-general W.R. Boom took place on the basis of a thesis on drugs (1980).

Investigation

Why now are the American drug problems also Antillean problems?

First of all because the Antilles is an important stepping-stone in the smuggling-route of marijuana and cocaine from countries like Peru, Ecuador and especially Colombia to the USA, Canada and Western Europe. It cannot be denied that the local police is acting against this in a decisive and effective way. Quite recently a Colombian coaster was seized off the coast of Bonaire with a cargo of 12,000 kilo's of marijuana on board, but there are still a lot of handicaps. In the first place the fact that the contraband always occurs either by sea or by air and that the Antilles do not dispose of either airforce or coast guard. (A problem many Caribbean countries are confronted with; is it not high time for an inter-Caribbean coast guard to be instituted?).

Action is only possible through labour-intensive and therefore costly investigations, unless luck lends a helping hand. The Antilles are only a link in a chain. The smuggling as a rule is organized in and directed from other countries, usually the USA itself. The criminal investigation departments of these other countries have a lot more possibilities to act than ours do. Even so Antillean efforts have been such that the American attorney-general Mr. William French Smith on March 15, 1984 bestowed an award upon our attorney-general Mr. Louis Nahr "for longstanding and steadfast assistance and co-operation". This news was received with great satisfaction in the Antilles. It is but a small plaster for the wound. Because we are the ones to bear the expenses of investigations that are mainly for the benefit of the USA. We have to do without our best policemen in fighting local criminality and we have to discover that there is hardly any place left in our own prison for our

own criminals, because it is full of Americans and Colombians (around 25% of the occupation).

Whitewashing

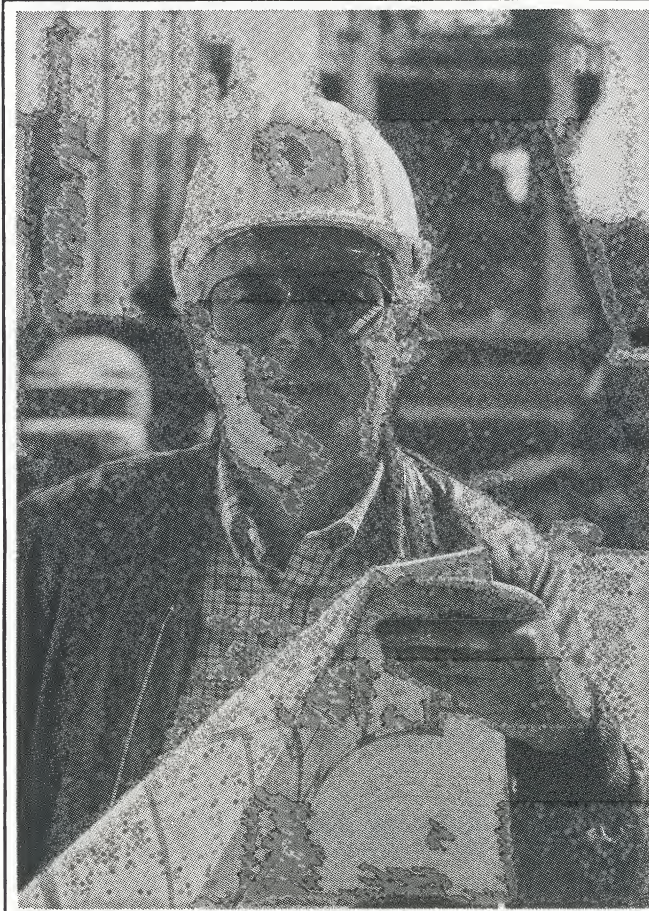
Be that as it may. The Antilles is an international centre and consequently we pick both the sweet and the sour grapes thereof. Unfortunately this is not the only matter in which American problems are affecting the Antilles. In the USA it has been concluded, and quite correctly so, that the drugs traffickers are not worried about the arrest of small dealers and couriers; that this traffic is hardly affected by confiscation of (even large) shipments of drugs (this is an incalculated business risk and only has influence on the price); but that the traffic is sensitive when justice targets the "money" that the traffickers get back for drugs. Not only is the "man in the background", who otherwise remains out of reach, affected, but furthermore the



Colombian coaster

traffic loses much of its attractiveness, when one is not able to enjoy the money earned through it, because it cannot be invested or spent freely.

It is in connection with this spending and investing that the Antilles once again come into the picture. A person who buys real estate for large amounts of money (a nice villa for himself, or investment objects) draws the attention of Treasury, which would like to know where all that money is coming from and also if taxes have been paid on it. This of course is a nuisance for the drug barons, because there is no blacker money than drugs money. Even when they want to pay taxes, they are not able to, because the source of their income would in that case certainly become known. That's why the origin of their money has to be covered, it has to be "whitewashed". In the USA (especially in Florida) a whole branch of enterprises has sprung up, with its own law-offices, specialized in what is there called "laundering operations". The launderers are a special kind of investors and many of them therefore do what the normal investor does, viz. they apply, masquerading as upright citizens, to a financial specialist. And what do you



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Frustration

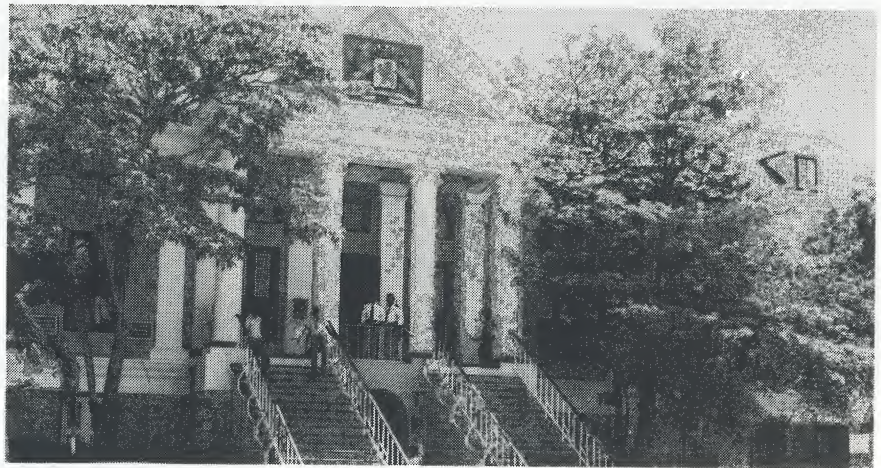
It should not be surprising to anyone that a considerable number of laundering operations takes place via Curaçao, but just like the drugs-traffic itself, it is organized from the USA. Still less can be done about this than about the actual smuggling of drugs; white money and black money look exactly alike. The fight will have to be waged from the USA itself, while the Antilles can only lend assistance. It appears now that it is just as difficult to act effectively against the flow of money as it is to act against the flow of drugs. The Americans have booked some success, but the traffic has in no way been stopped.

This is a continuous cause for frustration. The Americans, annoyed at their meager results, are reproaching the Antilles lack of co-operation. Is this being done with good reason or are they looking for a scapegoat? One of the causes for the difficulties is the privileged position occupied in society by the "money-business". In the USA this is not different from what it is in the Antilles. Often popularly (but not quite correctly) mentioned is the "professional secret of bankers".

Furthermore many of the launderers themselves occupy privileged positions, especially the lawyers among them. This too is not uniquely Antillean. The Government services concerned do not work together as closely as they should. It so happens that Treasury often has secrets for Justice. Once again not in the first place an Antillean problem.

Blame?

During the hearings of the House of Representatives it furthermore became apparent that in Florida people are ill-informed about the rules governing international co-operation in the field of criminal investigation and this also is pre-eminently an American problem. But the Antilles too should be blamed. The amendment of the Criminal Prosecution Code required for application of the legal assistance treaty entered into with the USA in 1983, has not yet been effected, as a matter of fact not even a proposal to that effect has been submitted



Court of Justice

as yet. Actually it is a miracle that Antillean authorities are able to lend assistance at all. The Americans have put this matter on the agenda for the deliberations concerning the new tax-treaty; it is even one of the most ticklish items. The Antilles has offered to adapt its legislation in such a way that an end will be put to the existing privileges (in any case on this level). This appears to be considerably more than the Americans themselves are willing and able to do.

In addition the Antilles has proposed to put into effect the treaty of 1983 (which they are now obliged to do only in other than fiscal matters). But the laundering operations often take place under the cover of limited liability companies. The shares of those companies are bearer shares, and it is therefore not possible to see on those shares who the owners are (of the limited liability companies and hence of the money). And that is exactly what the Americans want to know. Should the system of bearer shares be abolished for that reason?

Realism

I will leave open the question whether or not this is actually possible in the Antillean juridical system, or whether it is in appearance only that a solution can be found. Let us suppose that it is possible, will it actually be conducive to the ultimate goal? As soon as it becomes possible to determine at a glance what money belongs to whom, this will probably have as consequence that laundering operations will no longer be effected via the Antilles. This route would become too vulnerable in the eyes of the launderers. They will move to other countries (e.g. Panama,

where it is not possible either to find out who the real owner is of a company established there).

Real danger exists that besides them also others, who do not engage in any laundering, but who for honourable, commercial reasons want to remain anonymous behind their companies, will follow them elsewhere. The first result will contribute towards unburdening our conscience; the second will mean a great loss for Curaçao, without America's gaining anything from it. What carries more weight? The alternative would be: to confine ourselves to cancelling privileges and to improving the organization of juridical assistance. When a capable criminal investigator (otherwise than is the case now) can dispose of the information held by bankers, trustees, etc. he will be able to trace the origin of the money-flow. The most important activities will then remain where they belong: in the USA.

The miracle that in a small Antillean register all the answers will be found to the American questions, will not happen, but compared to the situation as it is now there will be considerable improvement. And is it not this what everyone should be striving for? Not a miracle, but a realistic step in the right direction?

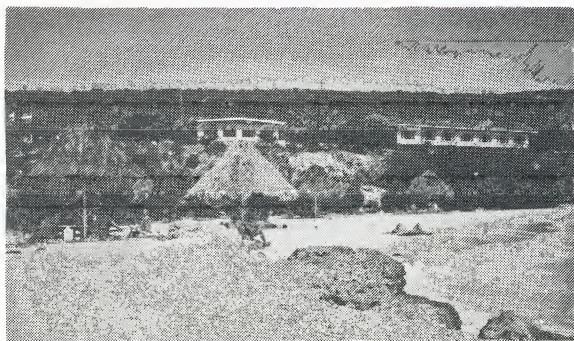
There is a saying that he who wants to grasp all loses all. Let us hope that this will not be the case with our American friends. For their fight against drugs (and there we have a third common interest between the Antilles and the USA) is not merely in the interest of America, but in the interest of humanity as a whole. Each battle that they lose, is ultimately also a battle we lose.

translated from Dutch ■

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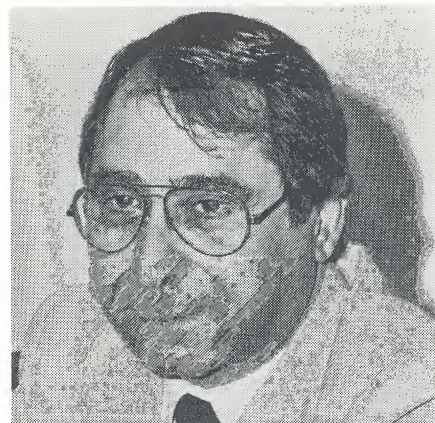
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VENEZUELA:

DEFINING POLICY TOWARD CARIBBEAN

by Keith Grant



Francois Moanack

Venezuela's relations with the Caribbean look like they will be based on much more pragmatic lines in the next few years as a result of a policy appraisal now being completed by the government. Gone are the days of lavish promises made by former president Carlos Andres Perez during the 1970's, as the country's economic problems have begun to force a dramatic cutback in financial aid. Understandably, the Caribbean has not ranked right at the top of president Jaime Lusinchi's immediate priorities after taking office last February. His government has had to face nationwide municipal elections in May, complex foreign debt negotiations and crucial measures to revive the economy after five years of stagnation. However, some clearer definition of Venezuela's Caribbean policy should begin to emerge in the next two or three months, once some of these hurdles on the domestic, economic and political front have been cleared.

By that time, the government will have renewed its joint oil supply scheme for the Caribbean together with Mexico and a major overhaul of regional policy by special Caribbean ambassador Francois Moanack should have been completed.

Moanack is a career diplomat possessing perhaps the best overall Caribbean expertise available in Venezuela at present. He was the first director of international cooperation at the foreign ministry during the Perez government (1974-79) and speaks all the Caribbean languages.

Lavish

During the presidency of Mr. Perez, Venezuela began an outward-looking strategy towards the region, based on its

new-found oil wealth, and began its Puerto Ordaz oil supply scheme on concessionary terms for Caribbean and Central American countries. A total of 678 million dollars was disbursed under this agreement over five years.

Overall, since 1974 Venezuela has allocated around six billion dollars in bilateral and multilateral aid, of which around 1.5 to two billion has been specifically to the Caribbean basin area.

However, with the 66 per cent devaluation of the Bolivar since February 1983 the government had been unable to keep up this pace of aid-giving, which averaged 1.9 per cent of the gross domestic product between 1974-81.

Strategy

Faced with this dilemma, Venezuela has cut back contributions to international organizations such as the OPEC Aid Fund, the Agricultural Development Fund and the Latin American Energy Organization, and is proposing a further reduction in the aid portion of its oil supply scheme with Mexico when the San Jose accord comes up for renewal in August.

Last year the aid portion was cut to 20 per cent from 30, and interest rates were increased. Diplomatic sources say now Venezuela wants to reduce the figure to 10 per cent and make an additional 10 per cent discretionary.

Nonetheless, Moanack says the difficult economic circumstances do not mean Venezuela will disengage itself from Caribbean commitments.

"Even in the midst of this crisis we will not forget our international commitments. As a Caribbean country we are affected by all the political and economic developments that take place in the region

and for this reason the Caribbean will continue to be a major priority in all foreign policy actions by Venezuela", he said.

Moanack says he has completed his review of Caribbean policy and that in the near future he expects it to receive final approval from president Lusinchi. Its contents are unlikely to fundamentally change the previous strategy of seeking to impose a moderate influence on Caribbean affairs and upholding democratic traditions.

Cuba

An important new development in this respect has been the recent improvement in relations with Cuba, after the two countries reduced their embassies to *chargé d'affaires* level after the 1980 refugee incidents.

The Cuban government in June apparently acceded to Venezuelan demands that Havana accept the principle of the right to asylum, and allowed a number of refugees in the Venezuelan embassy to leave the island. Foreign minister Isidro Morales Paul has hailed this as an indication of Cuban goodwill.

However, it is clear Cuba will not be entirely satisfied until Venezuela has defined the question of the anti-Castro terrorists who sabotaged an Air Cubana plane in 1976 and who are still held in a Caracas gaol without formal charges.

A military court in 1981 found insufficient evidence to try Orlando Bosch, the figure at the centre of the controversy. But the government of then president Luis Herrera was subjected to heavy pressure from Havana and Bosch was not released.

During the Herrera government, great store was set on Venezuela's ability to offset Cuban influence with large aid handouts. However, in Nicaragua and

elsewhere this had only partial success.

Development aid

According to Moanack there will now be a significant change of emphasis in that previous direct financial assistance will be phased down in favour of technical assistance and trade cooperation.

Venezuela has already offered training and assistance to Barbados, the Dutch Antilles, Dominica, St. Lucia, Grenada and Jamaica, mainly in the areas of health, farming, tourism and recreation. Moanack sees considerable potential for expanding these activities, especially in farming and light industry.

The country will not participate in the Multilateral Aid Programme outlined for Grenada, to help it reconstruct its economy, but will nevertheless continue with small-scale fishing and housing projects there.

Moanack is also keen on developing potential for project management and assistance in the Caribbean, but acknowledges there are a number of problems.

"One of the biggest drawbacks is the difficulty of defining new projects in the

Caribbean", he said. "In many islands the governments simply do not know what their needs are and it is a question of starting from scratch".

In this respect Venezuela will draw on expertise available in the Barbados-based Caribbean Development Bank (CDB), of which it is a member. Areas in which Venezuela could provide valuable assistance include non-traditional energy projects (solar, wind and geothermal), agricultural development and light industry.

Export

Moanack says also that while Venezuela is now better-placed than at any time in recent history to export to the Caribbean, in view of last year's devaluation, he said he hopes the increase in trade will be two-way.

Venezuela has already begun to move in this direction, with foreign minister Morales Paul this month visiting the Dominican Republic for talks that were expected to lead to trade exchange involving sugar, bauxite and oil.

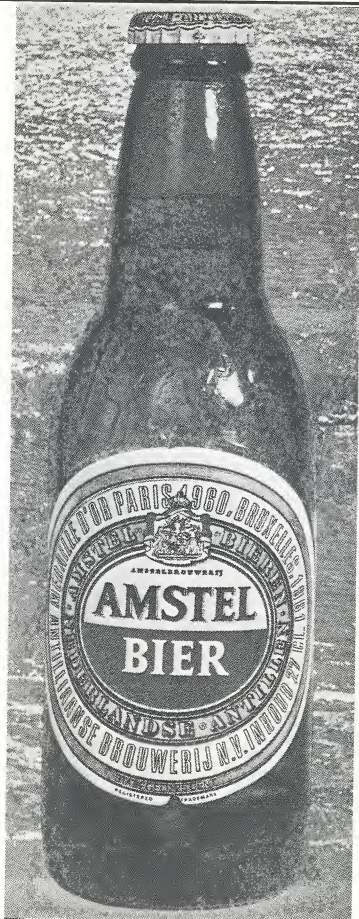
The focus of future negotiations with

Caribbean countries is likely to be the rationalization of complementary markets, bringing trade within the region's borders and reducing purchases from the industrialized countries.

This rationalization is being seen with Trinidad, where Petroleos de Venezuela is in an advanced stage of negotiations to supply 20,000 barrels per day of medium crude for the government-owned Point Fortin Refinery. The refinery is currently running well below capacity and at a loss.

However, Venezuela is unable at present to provide Aruba and Curaçao with any comfort for their refineries. Energy and mines minister Arturo Hernandez Grisanti said in June there is no possibility of increasing supplies to the refineries while the present OPEC quotas are in effect.

Venezuela is presently shipping around 300,000 barrels per day to the two refineries, with 170,000 b/d to Aruba and the rest to Curaçao. In previous years, Venezuela has supplied 50 per cent more than this at concessionary prices, but with the decline in world demand it has reduced supplies and is asking notified prices. ■



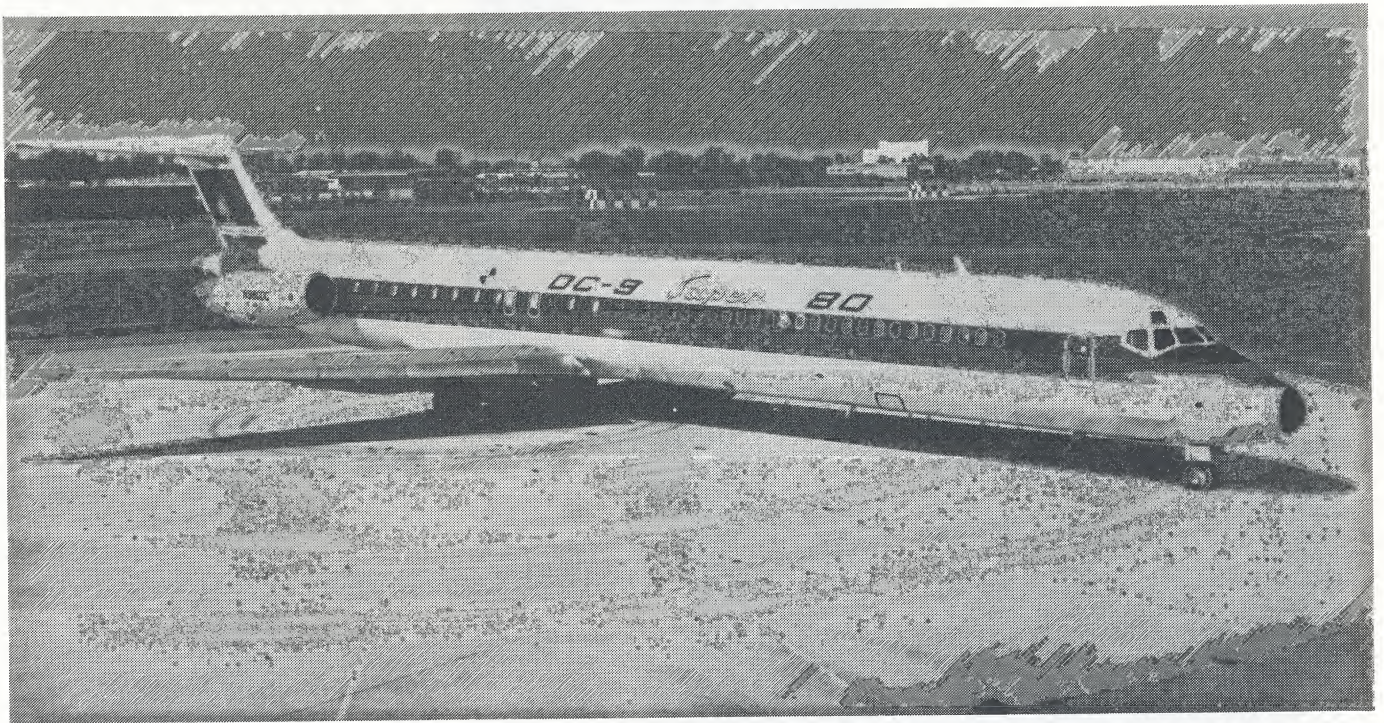
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LOOKING FOR NEW MARKETS

Some have closed down. Others are contemplating to do the same. For good reasons. Riding out the recession is certainly no easy matter for shopkeepers in down-town Willemstad. Americans on a buying spree have become a rare sight. The throngs of Venezuelans purchasing goods in bulk are gone. The narrow streets of the Caribbean's oldest shopping centre have become depressingly quiet. But the tide may be turning, be it very slowly. The number of American visitors is on the up-take. Last year it rose by 5 1 / 2% and still continues to increase. Americans, moreover, have more to spend these days. Visitors from Haiti and Trinidad are beginning to replace the devaluation-stricken Venezuelans. Brazilians are discovering the Curaçao (Aruba) route as a cost-effective alternative to visits to the USA and with a number of travel agencies in the area and Europe attractive packages have been developed.

This does not signify an over-night return of the golden seventies, but at least indicates the first stirrings of a recovery.

The main culprits for the depressing

low Curaçao's tourism industry finds itself in today, are the worldwide recession of the early eighties and the devaluation of the Venezuelan bolivar. The tail effect of the first hit the island, almost totally dependent on outside sources for its income, hard. As less Americans came and those who came having less to spend, prices began to rise making the island more prohibitive for cost conscious tourists. The fall of the bolivar had an even more dis-

astrous aftermath.

Venezuelans

During the first four months of this year the number of visiting Venezuelans was 14,431 down as compared to the same period in 1982. As shopping was the main purpose of the Venezuelans for visiting the island, down-town business suffered a most serious blow. It should be realized that tourism from Venezuela constituted

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54% of the total number of visitors to Curaçao in 1982! Not only outside forces, however, are to blame. During the booming seventies little to nothing was done to open up new markets or prepare for leaner times. While Aruba kept broadening its tourism base and improving its product, Curaçao let itself be swept with the tide. When it turned the whole tourism industry appeared to be in bad shape. Timely warnings and expert advice (to which AR drew attention on several occasions) were ignored and shelved by the authorities. As a result adaptation to the drastically changed situation took time and is only now becoming apparent.

Americans

The recent increase of tourism from the USA is largely to be attributed to a joint effort of the Island authorities and the national carrier ALM to open up the Philadelphia and Baltimore market. The weekly Saturday-night charter flights are proving to be a success. Consequently negotiations are presently underway to start flying charters to the increasingly important tourism market of America's mid-West. Mr. Petrus van der Veen, head of the Curaçao Tourist Office expects this project to take off before the 84/85 season starts in November.

Late June the first flight of a regular charter connection between Manaus (Brazil) and Curaçao touched down on the island's international airport. In order to offer Brazilians a cheap alternative for visiting Miami and other destinations in the region the Brazilian airline VASP and ALM drew up 7 attractive packages. VASP, which is not a member of IATA,



P. van der Veen

takes care of the leg from Manaus to Curaçao for a heavily reduced price. From there passengers continue with ALM to the destination of their choice. All packages, however, include a 2-3 day stay-over on the island, thus hopefully giving the local tourism industry an extra impetus.

Trinidadians

Trinidadians, who are visiting the island in increasing numbers, belong to the same category of tourists as the Venezuelans, who for reasons indicated above have stopped coming. Their main objec-

tive is buying goods rather than vacationing. The island's free-zone facilities apparently are the main attraction. Many of them make use of ALM's twice weekly flights to Panama, where free-zone prices are still more attractive. Comments Mr. van der Veen: "We must take care to stay competitive for even if this kind of tourism does not benefit our regular shops etc. in town greatly, it does contribute to our economy in general".

The same can be said with regard to the thousands of Haitians travelling up and down between Port-au-Prince and Curaçao. Bringing in wood-carved souvenirs, they return with large quantities of clothing, which they sell at their local market. Principal beneficiaries of this type of tourism are the smaller and low priced hotels.

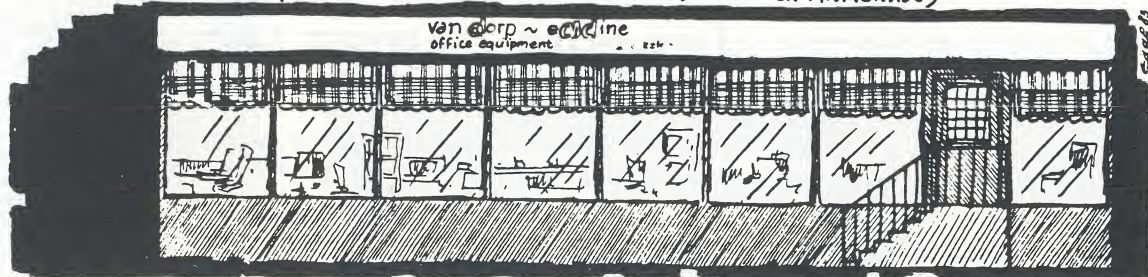
Europeans

Iberia, the Spanish airline, with destinations in Venezuela, Pto. Rico and Sto. Domingo has agreed to add the ABC-islands to packages offered to European tourists. A group of Spanish travel agents is expected to visit the islands during July.

Promotion of Curaçao in Peru, Argentine, Holland, Belgium and Germany has been stepped up during the last months. Although few expect each of these efforts to have large scale results, together they might help the tourist industry to at least get back on its feet. If at the same time the Island Government follows up on its declared intention to improve the product with regard to accomodation, transport, recreational possibilities and service, the over-all picture may look considerably brighter in the near future. ■

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Martin Den Dulk, the 21-year-old son of a local hotel/restaurant owner is the lucky one out of about 1780 people whose design for the new flag was chosen, and who could see the flag that he designed being raised for the first time ever on the second day of this July.

to think up the flag. Of course the flag was changed slightly from what he first had in mind to conform to the international rules, but the changes were minor, and today it can be said that Mr. Den Dulk Jr.'s design is raised daily to celebrate the identity of the people of Curaçao.

He says he is very proud of being the designer, but does not quite understand why, even after the flag was officially introduced on July 2, he has not been introduced to the people of Curaçao officially as the designer of their flag.

Although the local committee in charge of preparing the introduction of the flag of Curaçao held his name secret for almost two years, it leaked out to the press who questioned the government's reason for not releasing his name. He himself accepts their explanation that the day of the introduction of a flag should be reserved for the flag only and not for anything else, although one must remember that the fuss was being made over a flag he designed without ever getting credit for it.

Looking at all this the designer could hardly be called lucky, and even so he maintains a disarming low profile when he says it took him about an hour and a half

Nevertheless the designer is as good a sport as he is a designer. Said he: "No hard feelings, a little more appreciation

would be nice, but I'm proud of our beautiful flag".



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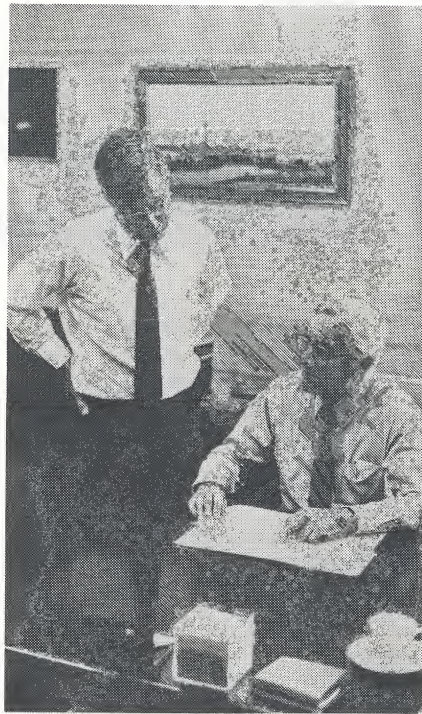
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E.S CAMPBELL:

PROMOTE LOCAL OWNERSHIP!

Buying an entire company in times of recession with little chance of speedy recovery might be viewed as taking a high risk. When Ernest Sidney Campbell acquired all the shares of Antem N.V. and Elga N.V. last year a fair measure of risk taking was no doubt involved. However, both his experience as an industrial entrepreneur and even more so his philosophy of management seem to add to that vital free market element a sound percentage of calculation. Mr. Campbell, who came to the Netherlands Antilles in 1946, created, owned and sold two of Curaçao's most successful companies. Back after 10 years abroad Mr. Campbell explains his latest venture by pointing at his proven knowledge of the Curaçao work force's capacity for high level performance and his strong belief in on the spot ownership.

"Absentee ownership" he says, "does as a rule not work". Shareholders visiting the island once a year tend logically to be interested only in the economic performance of their company with a view to dividends. In addition the fairly common practice of appointing expatriate mana-



Campbell(seated) and Stenfert

gers on 3-5 year contracts has obvious disadvantages as well. "Owners" says Campbell "should be close to their

workers, and managers deeply involved with the company. An end to which short term appointments do not seem conducive".

An observation to which general-manager Steven Stenfert, who has been with Antem since 1973, agrees in principle. Both men exude strong confidence in the future of their company, which has a longstanding reputation for excellence. A fact which in turn reflects favourably on the firm's 200 employees.

Solid

Antem, which has a yearly turn-over of approximately NAf. 30 million, was established in 1948. It is specialized in electric services such as rewinding and reconditioning of electric motors and generators, instrument calibration, refrigeration and airconditioning; the installation of elevators, security systems and traffic lights, as well as in installing sanitary equipment, light metal constructions etc. Moreover, complete back-up service is available for all products and installations, on call and on contractual basis. The firm fused in 1971 with two year older Elga, which became the commercial branch of the company, selling so-called white goods (washing machines, refrigerators etc.) and brown goods (radio's, TV-sets etc.), as well as Technical materials and parts.

Flexible

Walking around Antem's latest/new 4 year old/plant the impression is one of efficiency and flexibility. Entering the huge workshop, where the rewinding and reconditioning of motors takes place, Mr. Stenfert proudly points out that the shop is the largest of its kind found between New Orleans and Rio de Janeiro. A likewise proud workshop manager testifies to the quality of the work performed by recording the fact that motors rewinded by Antem, after many years of service, often function better than ever before. Large and diversified warehouse facilities were



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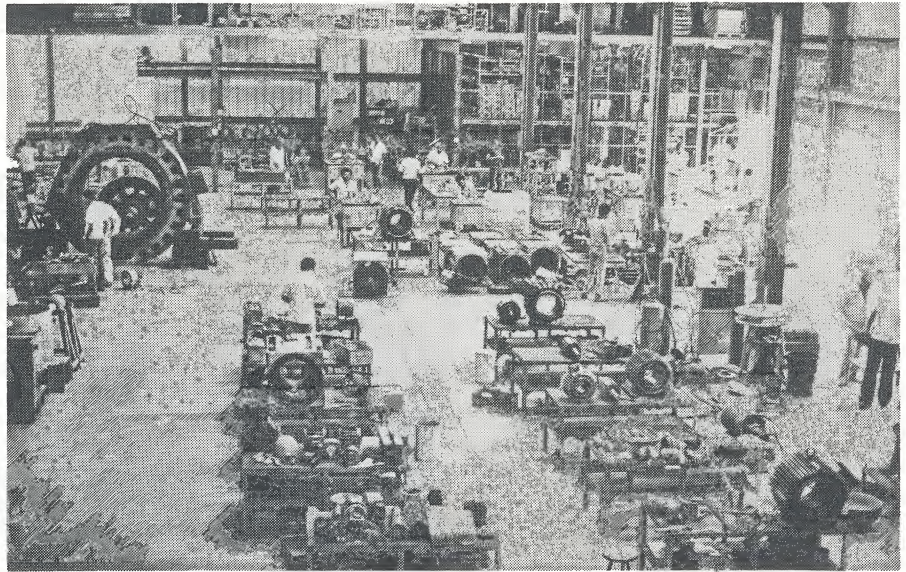
Sta. Rosaweg, corner Fransche Bloemweg

developed as a logical extension of the company's own stock of supplies. In order to save both customers and staff time, a display area of available items is presently being created.

The presence of sophisticated drawing rooms reveals the fact that Antem is capable to take on turn-key projects right from the designing stage to maintenance of the completed job. In order to be as flexible as possible the company is intensifying the in-house training courses aimed at all-round craftsmanship in the respective departments and workshops. One example: in August next a one year training course in instrumentation will be started. Flexibility is a must for companies like Antem, because of the small scale situation they operate in. A fact not always sufficiently appreciated, according to Campbell, by the island's decision makers. He mentions the much debated dismissal law as seriously hampering the development of new initiatives.

Negative

The law, which was originally intended to safeguard workers from the whims of irresponsible management, has by now created a situation disadvantageous for all parties concerned. The laying off of workers, for which government approval is required, has become such a tedious and expensive affair that many companies tend to keep the size of their work force as small as possible. Jobs



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which for a limited period of time require more hands have led to the common practice of circumventing the official regulations. Although everybody — including the trade-unions — is aware of these manipulations, nobody protests. Workers thus employed forego the benefits of the labour agreements, which obviously is not to their advantage. Says Mr. Campbell: "Workers would be definitely better off, productivity improved, new investments stimulated and the employment figure boosted, if this piece of legislation were revoked".

Local

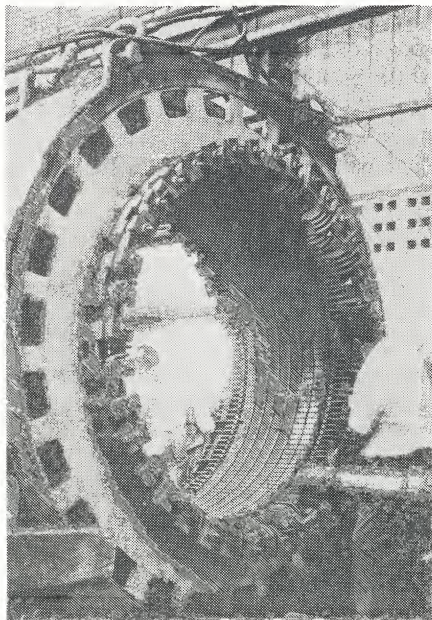
Another factor not conducive to dynamic industrial entrepreneurship is the relatively rare phenomenon of local ownership. Mr. Campbell proves this point by pointing at the success of those companies which are locally owned. The problem, according to Campbell, is lack of capital available to local citizens. In this connection he also mentions the ongoing brain-drain so typical of developing countries. In order to stimulate local ownership of in particular industrial enterprises ways must be found, he feels, to make capital available at reasonable terms. Such a development might also bring back capable young Antilleans now working abroad in managerial positions.

The great advantage of a company's owner being on the spot is his direct involvement both with the firm itself and the employees. Mr. Campbell, who speaks of his company's relationship with the trade-union as 'quite satisfactory', sees in such

direct contact a workable alternative to ideas like workers participation, which are presently en vogue in union circles and have proven to be far from workable in other places. Appreciation for Antem's employees' input in the company is high. Says Mr. Stenfert: "We are able to take on the most sophisticated turn-key projects without having to bring in people from outside. The number of non-Antilleans at Antem, moreover, is only approx. 5% of the total of just over 200 employees.

Positive

Asked why he took over Antem at a time generally conceived as economically problematic, Mr. Campbell says that he feels "very positive about things here". Discussing the situation on the island he is of the opinion that there is no need for doom saying. On the contrary. What is needed, he says, are new concepts. A commodity neither he nor Mr. Stenfert are short of in relation to their own firm. "Times change", says Mr. Campbell, "and we are consequently trying to keep abreast by exploring new venues and considering to add new products to our list of sales". Likewise, he maintains, should Curaçao adapt itself to the changing times and make good use of the new opportunities presenting themselves, specifically utilising its natural harbour and facilities, making full use of the very high percentage of graduates from Curaçao compared with other islands in the Caribbean area and the overall high standard of education, which makes Curaçao an attractive environment for trade and business enterprises as opposed to the emphasis on tourism. ■



rewinding

WIND ENERGY IS NOT FREE

by Nancy Siegenthaler

They seemed to have appeared from out of nowhere. Suddenly, these sleek, white, wind machines sprung up against the blue sky, their blades clipping along in the steady tradewinds.

They are Holland's newest, hi-tech windmills, geared down to produce electricity. Two were erected in Curaçao, and one in Aruba this spring, and there will be more to come, even though some owners are learning that the resultant energy is not "as free as the wind".

A small crowd of faculty and students clapped amid the noise of heavy machinery as the tower to a new wind-turbine was settled into place last month at the University of the Netherlands Antilles. The University was donated a 3-bladed,

30KW turbine (manufactured by the Lagerwey Van De Loenhorst company), which it plans to use for wind-energy research.

High atop a hill in the Dutch Navy's base in Curaçao is another turbine ... this one producing 100KW, and custom made by the Dutch firm Polenko.

Looming up over the flat expanses of white beach in Aruba is another Polenko wind-turbine, slated for 60kW maximum, and purchased to be used by ELMAR, Aruba's electricity distributor.

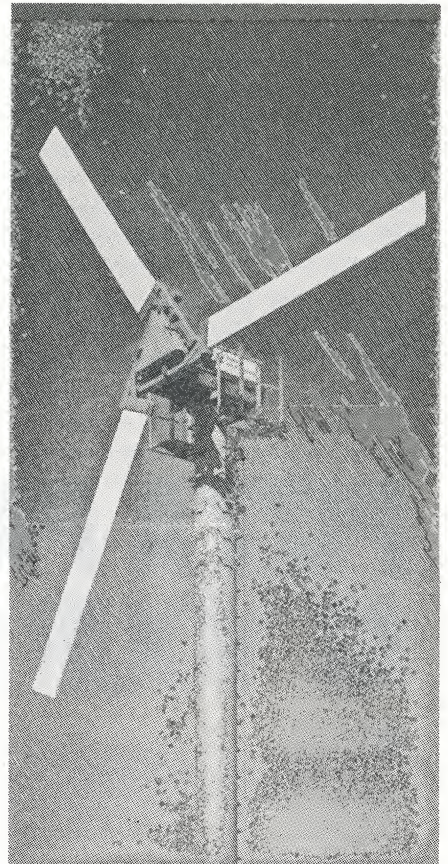
Kodela, the electricity-distribution company in Curaçao, plans to erect a 300KW wind turbine, which will be the most powerful one in the Caribbean.

Private purchasers of wind turbines, such as home-owners in Bonaire, are becoming more numerous throughout the Caribbean, and as the technology advances, manufacturers are looking for more markets. Dutch manufacturers of wind machines displayed their products in June to decision-makers from the

Caribbean and South American nations at the University of the Netherlands Antilles. Sponsored by the Netherlands Government Trade Commission, the Dutch manufacturers want the invited decision-makers to think of Holland's wind-technology (as opposed to French, U.S., and other large-scale producers) when the price of oil rises, and energy producing alternatives are sought.

Spin off

Electricity-producing wind machines did not change rank from the hobby status to the higher position of dependable generators until the last decade. Oil, or rather the lack of it, was the spur for much of the funding that has made the latest wind machines possible.



The OPEC oil embargo marked a surge in wind-energy research funds, and computers contributed to many new designs.

The wind-turbine-generator at the Navy base in Curaçao, for example, is a custom-made, 100KW machine that integrates computer logic. Built to high standards set by Dutch governmental energy agencies (P.E.N., E.C.N., and VEEN), its most unusual feature is the nacelle, wherein not one, but two generators are housed. The electrical output of one generator is designed to be compatible with an electrical-distribution system such as Kodela's. The other generator is completely independent of any backup system, and "can be used in the middle of nowhere", according to ir. Raymond Gelder, Director of Naval Infrastructure.

Another interesting feature of the Navy's new windmill is that it takes orders from the wind and from computer chips. As the nacelle moves into the wind, the windmill's microprocessor tells the machine to turn itself on and when to stop; it controls the speed of the blades (i.e., it controls the "brake vanes" on the tips of the blades); it controls the voltage, and

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amperage; and it monitors the built-in securities of the system. The micro processor's energy supply is a battery.

Polenko, the Dutch firm that manufactured the mill for the Navy rated its electrical output at 120KW during testing in Curaçao in June. Mounted on a 20-meter-high tower, the Polenko mill's 18-meter-long blades spin at 41 rpm, producing about 7% of the Navy base's total needs. But the Navy's primary motive for investing in the new wind generator, said Gelder (who declined to reveal the size of the Navy's investment in the project), was to

"set an example to Navy personnel to conserve energy".

Supply

Kodela, the electricity-distributing company in Curaçao, will invest NAF. 1 million on a 2-bladed, 300KW wind turbine, manufactured by the Dutch company, F.D.O. (a subsidiary of the Netherlands VMF-Stork group). F.D.O. is one of only two companies presently producing 300KW wind-turbine-generators, according to Alain Lichtveld, Research

and Development Advisor for Kodela. The F.D.O. turbine, said Lichtveld, is just the first investment in wind-technology Kodela plans to make. He said the company is considering the possibility of a wind-farm in Curaçao, in the not-too-distant future.

According to Lichtveld, the distribution company invested in the wind-turbine because of the inevitable price-rise for oil -- Curaçao's sole source of electricity. Planned to become operational in a year, Kodela's computer-controlled wind-turbine will be installed 10 kilometers west of Hato, and will directly supply the government-built housing block at Tera Cora, until the energy can be rerouted into the island's overall grid.

When the tradewinds push the generator's blades hard enough, Lichtveld said, the maximum 300KW could supply 200-250 government built houses, such as the ones at Tera Cora.

"We started thinking about a 60KW machine," said Lichtveld. "But we waited. As the development of generators continued, we thought of going bigger. The higher they go [in kilowatts], the more economical it will be, because the efficiency will be higher, and the investment would be more reasonable."

Research

Kodela technicians are currently working together with the Technical faculty of the University to gather wind research from the University's new Lagerwey. "If you know what is in the wind, you can estimate its electrical output," said Lichtveld.

It is perhaps appropriate that the latest in electricity-producing wind machines coming to the Antilles are from the Netherlands -- a country the very existence of which virtually depends on wind-mills. And although designs for many wind turbines have, over the years, been discarded, the answer to the question, "How much energy is in the wind?" has been persistently formulated in the Netherlands since before the 1600's. Still, centuries of research have yet to bring forth a solution to the wind machines' inherent problem -- variability.

Wind, by its very nature, is variable, which makes the output of a machine de-

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pendable on it unpredictable. "That's the problem," said Mr. Cees Haring of the Technical Faculty of the University of the Netherlands Antilles. "There is a constant mismatch between supply and consumption."

Dispute

No one knows this better than the parties involved in a recent dispute over an electricity bill, that is holding up the operation of the Dutch Navy's wind turbine.

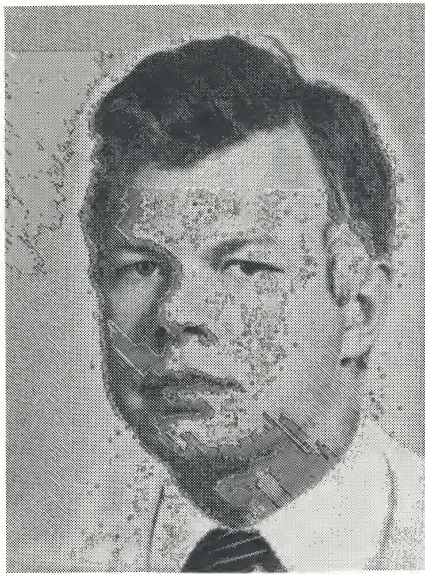
The "bill" is actually a deposit the Dutch Navy must pay to Kodela for the opportunity to connect the Navy's 100KW Polenko turbine directly into the overall electrical grid for the Navy base at Parera. Navy officials complain that Kodela requires too much for a deposit, while Kodela has warned that if the wind turbine does get tied into the electrical grid before the deposit is paid, Kodela will cut off the electricity flow to the entire base.

Variability of the wind is the reason behind the Navy's desire to connect their turbine up to the grid (even though their Polenko model can run independent of an outside source).

The Navy's aim is to create a more even flow of electricity.

The energy produced directly from a wind turbine has crests and troughs. Both crests and troughs in power can damage household appliances. When there's a crest of energy, many turbine owners simply store the extra energy in a generator, or battery, or they convert it to hot water. When there's a trough in the energy flow, the loss must be made up by a type of back-up system. For private users of wind turbines (i.e., homeowners), such a back-up system could be a simple diesel generator. But for larger demands, such as a Naval base, the back-up supply of energy must come from a greater source ... and in Curaçao that source is Kodela.

Kodela's warning to the Naval Base was perhaps a bit overdone, since the Navy is not yet even technically ready to hook into Kodela's grid. But Kodela officials are quick to point that Kodela too, is a customer. Kodela purchases electricity produced by Curaçao's Komapña de Awa i Electricidad (KAE), which burns bunker oil to produce electricity and desalinated water. The price KAE pays for



A.R.J. van Gelder

the bunker oil gets passed on to Kodela, which in turn passes the cost along to its customers. In effect, businesses and households in Curaçao are paying for their own share of the bunker oil.

To this extent any stand-by or back-up energy, required by the Naval base for its wind turbine, represents a stand-by supply of oil. Kodela has made it clear to the Navy, said Lichtveld, that whether or not the stand-by energy is drawn upon, the Navy must pay for that reserve amount, since Kodela must first pay to get it from the KAE, which in turn must pay for the oil.

"Customers with generators have a real tough time understanding this," said Lichtveld. "They see their side of the issue clearly ... 'I'm using the wind.. why must I pay Kodela?'"

Cooperation

But the Navy base, private users of wind generators, and the residents of Tera Cora as well, will continue to get monthly bills from Kodela. In the meantime talks between the Navy and Kodela have broken down after Kodela's warning. Navy officials have enlisted the help of Gezaghebber Casseres, who has been asked to mediate between the two sides.

"We don't have any war with Kodela," said Naval Infrastructure Director Gelder. The Navy, he said, is helping Kodela search for a good contractor for the erection of the 300KW F.D.O., and has shared information with the company on the technologies involved.

Further, Kodela is considering charging owners of wind generators the actual 'fuel price' of their stand-by energy, said Lichtveld.

The 'fuel price' amounts to 9c per kilowatt hour.

It is hoped by all sides involved that the Gezaghebber will succeed in bringing the two sides together. More wind-turbine-generators in the Antilles mean more work for local engineers and contractors, and a lightening of the economic yoke of imported oil. ■

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PYGMALION AND HIS STATUE

Reflections on Ria Houwen's paintings and the underlying philosophy

by Sybren Paul

Pygmalion, who could not understand that people would buy and sell "love", did not want to have anything to do with women. He avoided them, afraid of having to pay a price for something he did not want at all, because — in his line of thought — love can only be given or received.

He shut himself up in his studio and there molded the ideal woman in stone. So great was his love for this creature of his that during the festival of Venus he implored the goddess of love to permit his own creation to come to life.... When he got back home after the celebrations, he walked towards his statue; he pressed his lips on hers and felt that Venus had answered his plea....

This myth, narrated here summarily, is relevant to the work of Ria Houwen, a painter, whose art and development will be discussed in this article. Like Pygmalion she also strives for the unattainable; she also works hard at putting soul into her creatures.

Ria Houwen moved to Willemstad, Curaçao, in the Netherlands Antilles in the seventies. She had just finished her studies at the Art Academy of Tilburg in the Netherlands and from now on would have to fend for herself. For her livelihood she did so by giving classes at a secondary school; for her art by searching for an own identity. About herself she says that in her work one will always detect something of Flemish expressionism, of catholicism

devoid of all calvinistic thinking, also of her masters, of Nico Molenkamp, Gerard Price and Ru van Rossum. Distantly and through them also of someone like Permeke. But with all this one still has not touched upon Ria Houwen's real self, nor on the kinds of problems that engross her.

In talking about her work Houwen explains that she wants to paint what she feels. However, if her emotions become too strong, this will lead to destruction. For that reason she strives for the right balance between experience / undergoing and the expression thereof. Feelings that are too intense must not make her lose sight of craftsmanship. When she finds the desired equilibrium, she hopes (about the resulting work) that "life" is immortalized. When this happens a face, a body literally jumps off the canvas.

Initially — that is at the onset of the seventies — Houwen finds inspiration in the human trunk. To her the trunk is a very direct reminiscence of ancient Greece, where she feels that her roots are; to her it is man turned into myth. As the trunk itself is a reduction, so Ria Houwen in her work tries to reduce the totality of everything that exists to its essence, to truth, even the truth that renders visible the "more" that is there behind people and things.

As a matter of course she herself is convinced that it is impossible to give colour to this objective. What she is more concerned with here is to give an indication of what it is that "drives" her. She combines the trunk with objects from life's everyday reality: a door, a fish, sun spots among leaves, a piece of cloth or "just" an old missal. The stress fields conjured up by bringing together these unequal quantities — in contemplating her work — lend to it that tingling feeling that she calls experiencing of life's energy. Thus reality is transgressed or gets an added dimension. The relation Greece — the present is shown by painting a trunk with a small tube of paint beside it, a woman beside a fish-out-of-water, or a partially nude figure behind a shuttered door.

The confrontation of the Dutch artist with the muscular Antillean athlete plays a dominant role. Painting his trunk — now in a different way — also brings ancient classicism nearer.

Yet the paintings still do not give an answer to the question who am I, so crucial for every human being. She is forced by this question to choose another perspective. Proceeding from her own experience



photo Amigoe

she especially wants to establish the earliness of her own being; she disassociates herself from her own body by looking down from above at herself. At the same time, however, tradition remains in the paintings—from above, as a tile floor of former times also appears in the paintings or a gregorian book of hymns, containing the "pater-noster".

For the rest it is not only the own self that drives her to reflection. Circumstances outside herself also induce her to search for an answer to the essential who-am-I question. In her pictures of Tafelberg it seems as if in the forms of this hill in Curaçao she sees the same forms as those of human beings. It is a time of struggle for her and her work reflects either paradise or paradise lost! Greenish toads push themselves between the male and female forms and thus Houwen paints/mirrors her own threatened existence.

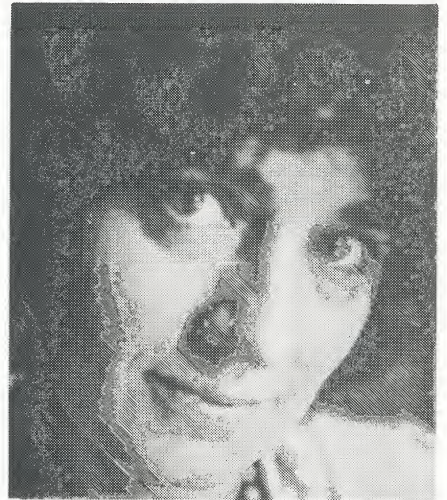
Subsequently negroid faces appear in her paintings; the red mantle as a symbol of royalty covers a vaguely outlined body, the face speaks and especially the eye looks at "you", as if it wants to communicate with the person who is looking at the painting. Here we find real-lifeness in a much more authentic sense than in the sense of "the portrait is of a perfect likeness". There is recognition: Egypt, pharaoh, classicists? It would seem that the long sought for link has been discovered: Europe-Africa. In pictures man and woman thus dance with joy because of paradise regained, but at the same time they experience the pain sometimes caused by love, through a parting or just because the triviality of life distracts from their high ideals.

It is in this same period that round-bellied boats and "landhuizen" with windows appear in water-colours. In my mind they represent a world waiting to be populated. There are also water-colours of horses with man and/or woman, which in all their erotically imaginative power are an evocation of the undefineable, the essence of surrender. The colours in Houwen's paintings become lighter, more luminous. Via red to orange/yellow, finally to yellow/green; the figuration first narrows down to man and woman separately and subsequently to the woman alone bathing herself in light. The face is still averted, but the motion of the painting gives rise to the supposition

that this woman (is it a self-portrait?) dares to set out and look upon the world in which she lives and in which things occur that as yet have to be "imagined" in her paintings.

For an emotional person like Houwen painting not only is a way to venture through life. She stands inside and outside reality; wants to look at things from a distance; wants to understand life better; wants to taste the "more" that is there; intensively wants to know what life is or what is called life; she flees from the crowds; lives alone; wants to see a human being only as a human being, not as cattle, not as representative of a group. And painting she tries to fix her experience/undergoing on the canvas and this in such a way that a vibration is created between the (successful) painting and the person looking at it; a vibration that for a small moment gives the assurance that everything is closely linked, knowledge and feeling, today and yesterday, joy and sorrow, far off and close by, Pygmalion and his statue.

What becomes evident talking to the artist and contemplating her work is that she allows "it" to happen to her. Her pictures grow, are the result of what occurs spontaneously and what moves her. The



message emanating from them seems to be that he who throws himself open automatically has something to say. This is the strength of and at the same time the danger for her work. Strength because in this way human purity attains its full growth, danger because human mind dwelling only in its own philosophy runs the risk — if that philosophy is that much based on feelings — of becoming navel-staring. One has to be a great artist to recognize this problem and be able to confront it. Her future work is being will be looked forward to with much interest.

translated from Dutch

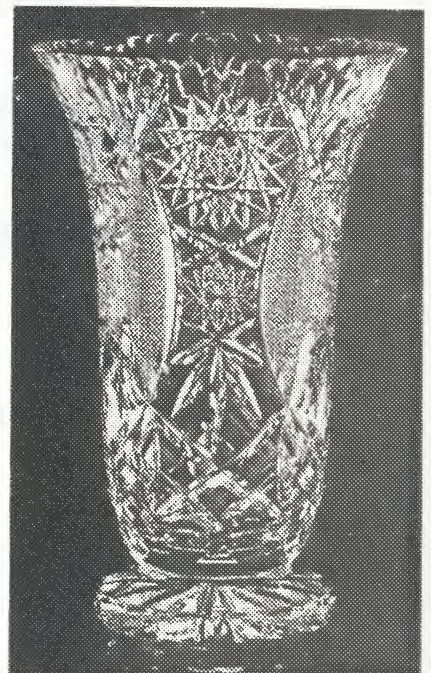
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ANTILLEN REVIEW

Published by:
A.R. Publishing Company N.V.
Cas Coraweg 85
Telephone: 77454-674524
Curaçao
Netherlands Antilles

Editor:
Roger F. Snow

Photography:
K. Wong

Advertising:
Mrs. N. Franco
V. Goghstr. 3
Curaçao
Telephone: 79930

Subscription Rates:
Neth. Antilles NAF. 33,—
Other countries US\$ 30,—

Production:
Typography by Antillean Typesetting
Incorporated N.V.
Printing by De Curaçaosche Courant
N.V.

Bankers:
Barclays Bank (Curaçao)
account nr. C-3695-1

Maduro & Curiel's Bank (Curaçao)
account nr. 143.720

by Alice van Romondt

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Editor: Fundacion Centro Cultural Aruba.

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